



Natural Resources Cluster  
Business Partners for Development

# The New Broker

## *Brokering Partnerships for Development*

Michael Warner

a tale to introduce the art of brokering strategic partnerships between corporations, governments and communities in the developing world



## **The New Broker**



**The New Broker**  
Brokering Partnerships for Development

Michael Warner

**Overseas Development Institute**

**ISBN 0 85003 662 3**

© Overseas Development Institute, 2003

Published by the Overseas Development Institute on behalf of  
the Business Partners for Development Programme (Natural  
Resources Cluster)

111 Westminster Bridge Road,  
London SE1 7JD  
UK

All rights reserved. No part of this publication may be  
reproduced, stored in a retrieval system, or transmitted in any  
form or by any means, electronic, mechanical, photocopying,  
recording or otherwise, without the prior written permission of  
the publishers.

Printed by Russell Press, Nottingham, UK  
Cover design: Pippa Leask

## Endorsements

---

‘What a refreshing way to learn...I read Michael Warner’s ‘novella’ from cover to cover and learnt far more about the trials and tribulations of designing partnerships, the art of consensual negotiation, and the skills of facilitation, than I would ever have done from reading a dry text book. The lessons are there, and the tools are explained, with a good story to bring them to life and show how to implement them...Warner’s story is the next best thing to experiencing the challenge of brokering partnership for oneself. It was so expertly scribed that one almost felt like joining them at Bar Sol! This will be a book I shall put on the reading list for my MBA students and executive trainees.’

Professor Alyson Warhurst  
Chair of Strategy and International Development, Warwick University  
Director, Corporate Citizenship Unit, **Warwick Business School**

‘Spend a couple of airplane hours exploring the techniques, pitfalls and challenges of partnership, provided in a unique story line and in an entirely readable style.’

Murray Jones  
Manager, PXR Social Performance Unit  
**Shell International**

‘It was a great pleasure for me to read this book about the values of tri-sector partnerships. This ‘how to’ guide is sorely needed as the private sector strives to become a better corporate citizen and to contribute more effectively to development. This book is also a must read for civil servants, NGOs and those from civil society who seek to successfully engage the private sector in partnerships. The issue of each party’s core competences and their application to development problems is I believe the key to success.’

Martyn Riddle  
Manager, Environment Division,  
**International Finance Corporation, Turkey**

‘I read this book on my way to Colombia to discuss just the sort of mutual interest partnerships that Michael describes. What the fiction does, unexpectedly for me, is remind those of us engaged in the theories of development partnerships and capacity building that these things have a human reality. The story is engaging and the lessons real.’

David Rice  
Group Policy Adviser  
**BP plc**



‘A straightforward read that puts BPD’s learning into anyone’s hands. Chris’ story illustrates successful implementation of this set of robust tools, derived from business practice but now re-applied to maximize innovation in favor of shared development outcomes. I anticipate many readers in the World Bank.’

Nigel Twose  
Manager, Corporate Social Responsibility Practice  
Private Sector Advisory Services Department  
**World Bank**

‘A very vivid and lucid documentation of complex processes and procedures on developing and managing partnership. It demystifies the concepts of negotiations and consensus building in a simple and effective manner. This will be an interesting, useful and rewarding reading for corporates, civil society, NGOs and Administrators.’

Manoj Pant,  
District Magistrate/Collector  
**District Government of Murshidabad**  
West Bengal, India

‘Michael Warner has clearly mastered the best-seller style of action description in writing an accessible introduction to business-government-community development deals BPD-style. The benefits of engaging and committing all parties in tri-sector partnerships promises an important shift away from the often paternalistic and unsustainable styles of past extractive industry development efforts.’

Ian Emsley  
Manager, Safety, Health and Environment Policy Unit  
**Anglo American plc**

‘Michael Warner brings a wealth of experience to this approachable introduction to the complexities and subtleties of partnership broking.’

Alison Maitland  
**Financial Times**

‘I much enjoyed reading the novella on flights to and from Glasgow this week. It is very well done, nicely written, a good read and serves well the purpose of explaining what the new approach is all about.’

Prof David Booth  
Co-ordinator, Public Policy and Poverty Group  
**Overseas Development Institute**

*'The nature of men is always the  
same; it is their habits that  
separate them'*

Confucius



## **Preface**

---

Two billion people living on less than a dollar a day. A resurgence of food shortages in Africa. Growing economic inequalities across the globe. Political instability and corruption. Violence and conflict. The case is compelling for the developed world to redouble its efforts to help poor countries and regions lift themselves out of the **cycle of poverty**.

**Trans-national corporations** are a growing feature of economies in the developing world. Recognising that corporations need to do more to protect the local environment and promote human rights, there

is also a new understanding that ‘big business’ presents a major opportunity. The overseas operations of private corporations have a multitude of talents, resources and technology that, combined with the resources of government, voluntary organisations and communities, can be mobilised to reduce poverty and promote long-term sustainable development.

**The Business Partners for Development (BPD) programme** is an initiative of the World Bank Group. Between 1998 and 2002 a number of the world’s largest oil, gas and mining multi-national companies, including Shell, BP, Rio Tinto and Anglo American, linked up with the global aid agency CARE International, a host of local community groups and local government authorities, and the UK Department for International Development. Working at the ‘coal face’ of mining, oil and gas operations across Africa, Latin America and Asia, the BPD programme developed and tested a new approach to the way in which large corporations can go about making a lasting contribution to the poor societies in which they work. The approach involves

**business, governments and civil society working  
in partnership.**

The results of the programme and the management tools for this new form of strategic alliance are published in an accompanying, more technical, book (*Greenleaf Publishing, 2003*), as well as available through the programme web-site: [www.bpd-naturalresources.org](http://www.bpd-naturalresources.org).

This ‘novella’ is an alternative source of information. Directed at business managers, public sector officials and aid workers alike, the book is a digestible **introduction** to the art of partnership brokering. The narrative in these pages draws on the experiences of the author as co-ordinator of the BPD Secretariat over a four-year period. The book is, however, a **work of fiction** and any similarities to actual persons or organisations are purely coincidental.





## Contents

---

Preface	xiii
<b>Flight PA287</b>	<b>1</b>
<b>B-2-4b</b>	<b>4</b>
<b>Field Development 23</b>	<b>13</b>
<b>Dilemma</b>	<b>24</b>
<b>Bar Sol</b>	<b>30</b>
<b>Two Big Ideas</b>	<b>36</b>
<b>Road Map</b>	<b>52</b>
<b>Design Parameters</b>	<b>66</b>
<b>Core Competencies</b>	<b>79</b>
<b>Ethics of a Facilitator</b>	<b>93</b>
<b>Brokering Agreement</b>	<b>99</b>
<b>The Art of Partnership Brokering</b>	<b>120</b>
<b>Partnership Maintenance</b>	<b>130</b>
<b>Flight PA288</b>	<b>137</b>



## Flight PA 287

---

**I**t was his own fault. It often was. He had refused to accept help, and it had led, as usual, to a stony silence. He stared out of the taxi glumly, berating himself. All Aida, his wife, had suggested was that since he would be held up at work, she might pack his bags ready for the flight to South America. Given his almost constant travelling these last few years, she knew better than he did what essentials to take, what lay under which bed, and what he was likely to forget.

And forget he had, in abundance. He went through the inventory in his head: keys to suitcase; hotel address; business cards (and he'd just had a new batch printed!).

The list went on. At least he had his passport and power adapter. He wasn't completely useless; no not *completely*.

As the taxi drew into the airport he realised with alarm that he had forgotten to draw cash from the bank the day before. Apologising to the taxi driver, and with his luggage held as collateral, he ran to the terminal, returning a few minutes later to pay the fare.

Late as usual, he first inched his way around the maze to the check-in desk, then ran the gauntlet of security, before emerging into the surreal world of the airport departure lounge, designed, he always thought, to seduce you into a prolonged frenzy of shopping at the most inappropriate of times.

Needless to say, he was buried in the drug store hunting for insect repellent and film for his camera when the tannoy sounded a last call for flight PA 287.

He sprinted to the boarding gate. With no time to hunt for a book, he ducked into the news-stand and bought the *Wall Street Journal*. With quite probably the smallest print of any newspaper in the world and

five separate sections, it would last him a good part of the long flight. An hour later, with a can of Canada Dry and a somewhat unappetizing packet of complementary bread sticks to hand, he unfastened the seat-belt, flicked on the overhead light and began to absorb the day's headlines. The plane banked to the west.



## **B-2-4b**

---

**H**e speed-read the front page. True to form for the *Wall Street Journal*, BP, the oil giant, was increasing its stake in the Russian petroleum industry; newly released video footage showed just how entwined Enron had been with its auditors; and Kimberly-Clark (rather unfairly he thought) was being ridiculed for its failure to market a ‘revolution in moist toilet paper’. It was business as usual!

He readied himself for the complex task of turning the page, something of an art form in economy class, though not something that would hold much weight in the context of the company’s latest cost-cutting programme.

The manoeuvre almost complete, he caught sight of a headline in the bottom right hand corner of the front page: *GoldStar Inc Delays Program To Provide AIDS Drug*. Usually this type of philanthropic article about business would have passed him by. But things were different now.

Seven months ago, almost to the day, at the age of 40, Chris Nulwanga BSc, CivEng Dip, MBA had moved, or rather *been* moved, from his post as a Project Engineer for ExCo West Africa – a subsidiary of the trans-national ExCo Corporation and the world's seventh largest oil producer – to become Assistant Director of External Affairs.

After fifteen years rising through the ranks of ExCo's operations across West Africa, he had, rather to his regret, shown aptitude in an area of work that his colleagues still laughed at. He had shown a penchant for negotiating with local villagers.

That there was a need to invest time in negotiating with communities living in the oil production fields was, to Chris at least, a matter of common sense. The company was conspicuously wealthy, the local population



conspicuously poor. It was no surprise to him that the local population were jealous of ExCo employees. He had witnessed at first hand the competition for jobs among the young men in local villages, eager, sometimes to the point of violence, to work as ExCo security guards or temporary construction labourers.

A recent event captured the essence of the problem. A month earlier the local youths from a coastal village in the Niger Delta, Nigeria had risked injury, not to mention imprisonment, to board an offshore oil platform operated by a rival of ExCo. The staff were held hostage for a number of days. Much was made in the local media and across the world of the hostage-takers' ransom demand: a job with the company!

In the last few years Chris had witnessed a marked shift in the expectations of rural communities living close to the site of ExCo's main oil production fields, processing plants, pipelines and docking facilities. Community leaders, both the local chiefs and those elected to village councils, were becoming more vocal. Demands were being made not only for jobs, but for comprehensive community development programmes involving roads,

water supplies, rural electrification, health centres, school teachers and so on.

In Chris's view, these demands for 'compensation', or 'fines' as they were sometimes referred to by these community leaders, were simply unrealistic. They often bore no relation to the magnitude or manner in which the oil or gas development project might legitimately be charged with adversely affecting the lives of local people. Many of his less sympathetic colleagues considered these demands, not so much as compensation, but as extortion: the price the company *had* to pay for securing access to its production fields.

In rare cases ExCo staff received physical threats. More frequent was the theft of vehicles and equipment. Sabotage of facilities was also on the rise. The latest available figures, published in the company's main offices, showed that the volume of oil lost to sabotage now exceeded that lost through accidents and the corrosion of pipelines, combined. It was well known to ExCo field managers that the sabotage incidents were generally caused by village youths in an effort to attain compensation. Proving this, however, was another matter entirely.

And, perhaps most significant, it was less than helpful when government officials offered ExCo the option of bringing local police in to *manage* the situation. With the progress the company had made in improving its corporate image over the last few years, the last thing that ExCo needed was scenes of police-inspired violence splashed across the world's media.

Despite these risks to the business, the Chief Executive and Vice Presidents of ExCo West Africa didn't seem too alarmed. It had been explained to Chris in confidence that the hands of ExCo were effectively tied by the majority shareholders of the different holdings – namely, a string of state-owned petroleum companies, or, more accurately, their governments. Chris had recently heard of an instance where the Board had prohibited the release of funds to clean up redundant and leaking oil facilities dating back to the 1970s and 1980s. The ExCo component of the Board, the rumour went, had actually been in favour, but had been out-voted.

Less surprising to Chris was that ExCo's senior managers didn't seem fully aware of the business risks inherent in the contrast between the poverty-stricken lives of the local population and the relative wealth of

the company. Unfairly, Chris believed, it was the extractive industries sector that because of accidents of geography and geology, often found itself operating in regions of the world where the local population lived in chronic poverty. But there was little choice in these matters, he and others argued. Oil, gas and minerals were found where they lay.

Until very recently the word ‘poverty’ was unheard of in the lexicon of the oil and gas industry. The reason why it was now creeping into serious business news magazines and papers was essentially the fall-out of September 11th. He had read the articles. The emerging logic, with which he was not at all sure he agreed, ran as follows: an increasing population of young, underemployed people in developing countries, together with ready access through the mass media to images of western wealth, was a highly combustible combination. Millions of young people around the world were increasingly jealous, resentful and angry; and their anger had to be directed somewhere. The new name of the game, as one of the managers in the Health, Safety and Environment Department of ExCo had quietly mentioned, was B-2-4b; not so much B-2-B (business to business), but the

new mantra of bringing the benefits of business to the four billion poor people on the planet, and quickly.

One evening Chris had tried to share these ideas with his work colleagues. Their response had been predictable. They couldn't have been less sympathetic, dubbing him 'Director of the bleeding hearts'.

Before the evening had degenerated, one of his more thoughtful colleagues had argued to Chris privately that he should not lose sight of the company's competency in *innovation* - what was actively promoted both inside and outside the company as ExCo's core brand value. The company would simply find a novel way to manage these new external pressures, he argued. Why, they had already done as much with environmental issues over the last five years. Across all divisions in the corporation they had successfully built up in-house capacity to engineer solutions to ever tougher environmental quality regulations. With independently audited environmental management systems, technical fixes to reduce emissions, and contingency plans to handle environmental hazards, ExCo, like the oil industry as a whole, was proud of its environmental performance.

Licking his wounds, and hoping that his newly bestowed title would soon be a drunken memory, Chris vowed to keep quiet. Privately, though, he was not convinced that the solution to B-2-4b could be ‘engineered’ so readily, or would dissipate as September 11<sup>th</sup> passed slowly into history. He was increasingly worried about the way in which ExCo, like its main rivals, had risen to the challenge of improving their so-called *social performance* by emulating charity groups. There was something uncomfortable about an oil company investing in a new in-house community development department, or establishing and staffing a local foundation. Where would it all end. To protect the company’s image it has to do something to help the poor communities affected by upstream operations. But then again, the business of business is business, and if we lose sight of that, he thought, we’re sunk.

Enough. He tried to put an end to his day-dreaming with a trip to the restrooms. As he stumbled along, he took in the comical sight of a man launching himself in one gigantic step from his window seat across two sleeping children to the relative safety of the aisle. The risks were high, but he pulled it off. The man grinned at Chris, brushed himself down and joined the queue for the toilet.

Chris had been in the cubicle no more than a minute when the plane lurched violently. A warning light immediately came on, instructing him to return to his seat. A second lurch caused him to smack his head on the sloping ceiling. Taking this as a sign and keen to comply with the authoritative voice of the Captain, which had just crackled into life, he tacked his way diligently back the way he had come. He arrived at his allotted row just in time to see the man fail in an attempt to repeat the same gymnastics in reverse. He decided not to watch the repercussions.

Predictably, no sooner was he seated than the turbulence stopped. He closed his eyes and breathed deeply. His mind drifted back to the incident that had led to his rather abrupt promotion - the now infamous Field Development No. 23.





## **Field Development 23**

---

**I**t was not uncommon for the siting of oil and gas production infrastructure – pumping stations, gas processing, drilling rig or pipeline – to require negotiations with community leaders. Field Development No. 23 had been no exception.

Realising he needed to show that he could lead the engineering on such a complex project as this, Chris accepted the challenge and took charge as Project Engineer for FD23. It therefore fell to him to secure permission from the local chiefs and elected village councillors in the field area to begin construction work; what the same (clearly over-read) manager in the Health, Safety and Environment Department referred to as

securing the company's *social licence to operate*. This was not to be confused with a formal permit, he assured Chris, such as that granting environmental clearance for the project by the government. Instead, this was an informal agreement between the company and community leaders aimed at protecting construction workers from harm, and their equipment and the emerging infrastructure from theft or sabotage. For these communities it meant the possibility of income earning opportunities and, increasingly, small-scale community projects, such as those provided by a non-governmental organisation in the form of health awareness, agricultural credit scheme, village community centre and the like.

Chris had been undaunted. Negotiation was his forte and the progress of his career had definitely been helped by his talents in this area. He could play 'hardball' with the best of them; overstating his position and then, with a flare for the dramatic, conceding item by item until he arrived at the end game with the very same wins he had privately sought from the outset.

As an alternative, and a style he found himself increasingly adopting with local communities and government officials, he would sometimes negotiate by

trying to satisfy his opponent's hidden interests, not just his own. He found that with a few carefully chosen questions he could quickly reduce the opening statements and demands of his adversary to their deeper, underlying motivations and interests. From this it was a relatively small step to demonstrate that he or his company were in a position to satisfy these interests, just not in the exact way originally conceived.

His real talent, though, lay in judging when and how to alternate between the two styles; a talent put to the test on FD23.

FD23 had been an exciting prospect for ExCo. At the time world oil prices were holding up well at a little over \$28 a barrel, and recent tensions in the Middle East and Venezuela suggested demand would remain high. On technical grounds FD23 was a challenge, but then engineers liked challenges. The large, land-based, natural reserves of oil were under low pressure, requiring water or gas injection to sustain flows. Further, the reservoirs were threaded through with fissures, yielding an array of oil 'pockets' that were technically difficult to reach. On the positive side, an evacuation pipeline had already been extended offshore, and this had spare

capacity to absorb the output from FD23. His colleagues had calculated that FD23 could be in production within just twenty-three months, reaching peak production in about five years.

The problem for Chris and his team had been that ten months had already been lost. Identifying a geologically suitable location for the main flow station and gas plant had been more difficult than expected. Speeding up the development phase was now paramount, and building the social licence to operate with the local communities was on the critical path.

That ExCo should consider the management of community expectations a factor in the development of FD23 surprised some in the company. The principal reason was that two months earlier, at a meeting of village chiefs convened by community liaison staff from ExCo's Health, Safety and Environment Department, it had become clear that local expectations were running exceptionally high and that the situation was volatile. Most worrying, the chiefs were threatening a repeat of the events three years before that had undermined the development of the now infamous FD13, or as some in

the company now unfairly referred to it, ‘The Killing Field’.

FD13 was another ExCo production field, further inland. Here the engineering and procurement contract with the main contractors for the construction phase left little scope for villagers to be employed on the project. Local demonstrations, led by the village youths, were held. The local police were called in. One elderly villager suffered a heart attack during the ensuing scuffles and five others were injured. The incident sparked a subsequent catalogue of sabotage, threats of violence, theft and road blocks. As a consequence, for the first three years of production output from the field was down 20 per cent, a performance not helped by the reluctance of maintenance staff to venture into the area, which either delayed repairs or escalated security costs.

The meeting of chiefs for FD23 was therefore taken seriously by ExCo; it was viewed as a warning that the communities were ready to react in the same way again. In the ominous words of one of the paramount chiefs, ‘the youth are angry and looking for a fight’.

Faced with these commercial risks, Chris had got to work. He had set aside a full week to analyse the underlying motivations of the various protagonists: the chiefs, elected village councils, local youths, and various ExCo line and departmental managers. Armed with this knowledge he began a series of meetings, first with the paramount chiefs, then bringing in a wider set of players.

Within two weeks he had brokered a deal that seemed to satisfy the main parties. The communities would allow the main contractors and their earth-moving equipment to enter the area, free from intimidation. In return, the same contractors would construct eleven kilometres of feeder road to two outlying villages, linking them to Ikabo town, the main trading centre for the district. The existing contracts between ExCo and its main contractors were amended, requiring them to construct the feeder roads and employ a minimum of 60 men from the affected local communities as labourers for the duration of the fifteen-month contract with ExCo. These labourers would be jointly selected by the chiefs and village councils of the affected communities. Preference would be given to the communities most affected by the siting of the flow pumping station and gas plant.

The cost of these modifications to ExCo was estimated at \$250,000, a mere fraction of that being invested in FD23. The Board agreed to the deal, not least because the sum could be drawn from the existing operational road construction budget. There was even talk of seeking to write off the sum as a tax-free voluntary contribution. In short, those that mattered were happy.

A week later Chris was called to the Chief Executive's office. He was congratulated on his efforts and offered a promotion to the post of Assistant Director of External Affairs, delayed for six months whilst he handed over the management of FD23.

This was an entirely new post, the Chief Executive explained. His remit would be to manage relationships at the interface of the company, local communities, local government authorities, voluntary groups and other non-governmental organisations working on community issues (or what was now commonly referred to as NGOs), and the embassies and aid agencies of foreign governments. But it would not, it was made clear, involve the Ministry of Energy and Minerals, nor end-users, suppliers or distributors. He was assured,

however, that the post was critical to the long-term future of ExCo in West Africa.

His pay was increased by two points on the company's pay scale, and at the end of the six months he found himself sitting in an entirely new office on the 20th floor overlooking the ExCo refinery at Port Freedom.

His first major assignment was designed, it was impressed upon him, to orientate him to his new role. He was to investigate the value to ExCo West Africa of the company's continued relationship with an externally driven initiative called Business Partners for Development, of which ExCo at Group headquarters was a participating member.

The Business Partners for Development, or BPD, programme had been initiated by the World Bank Group in Washington DC in 1998. The mission statement of the programme read:

*'A global network designed to study, support and promote strategic examples of partnerships involving business, government and civil society working together for the development of communities around the world.'*



ExCo was a corporate member of the BPD programme, along with the likes of BP, Royal Dutch/Shell, Anglo American, Rio Tinto, Placer Dome and Integrated Coal Mining Limited, in India. The World Bank (including its private sector wing the International Finance Corporation) and the UK Government Department for International Development were funding the programme, and there were also contributions from the corporate members. The programme was co-ordinated by a small Secretariat housed in the offices of CARE International in London – an international non-governmental aid agency working to end poverty around the world.

The programme, it seemed, was busy engaging with various oil, gas and mining projects: gold mining in Indonesia and Venezuela; coal mining in India; oil and gas production in Colombia and Nigeria; and copper mining in Zambia. It was the role of the programme's Secretariat to assist the operators of these projects in tackling various social issues that were challenging these businesses. These ranged from the need to manage community expectations and resolve disputes with local NGOs, to support for local suppliers, and to the facilitation of site closure.

Before the arrival of the BPD programme, the targeted business operations had tried to manage these issues in a variety of ways. This included developing in-house expertise in community development, outsourcing to external consultants or NGOs, and establishing local charitable foundations. The approach promoted by the BPD programme was different. It could be summed up in one word: partnership. The briefing notes prepared by the Secretariat for business managers defined the new partnership approach as a:

*‘voluntary collaboration to promote the public good arising from private sector investments based on an efficient allocation of complementary resources across business, civil society and government’.*

In other words, it was about the operators of oil, gas and mining companies pooling their resources with those from government and civil society.

To bring him up to speed on the programme it had been arranged that Chris would visit a mining company in South America. The company was Mining Enterprise International Limited (MEIL), part owned and operated

by a major North American conglomerate. His task was to observe the company take part in an exercise to broker a partnership between MEIL, the local government authorities, voluntary groups and community leaders in the area of health care.

Chris had to admit he was sceptical. What did a community health programme have to do with mining? Furthermore, the word ‘partnership’ conveyed to him the notion of a strategic alliance, where the synergies of collaboration were clear and of strategic value. But what on earth could be gained from MEIL working with voluntary groups and NGOs, many of whom, he often thought, were fuelled by a misinformed loathing of the corporate world. Worse, MEIL was giving serious consideration to entering into arrangements with resource-starved, under-staffed local governments. The risk that the company might lose control over its own community relations was obvious.

In spite of this, he decided that he would still make the trip. It was perhaps not the time to make a stand against the wishes of the Chief Executive, and he had to admit that he was mildly intrigued. What on earth was MEIL up to?



## Dilemma

---

**Jolted** back into the present by the discomfort of air turbulence, he picked up the *Wall Street Journal* again.

It seemed that GoldStar Inc. had just put on hold a pilot study to make retro-viral HIV/AIDS drugs available to its African workforce. The article mentioned that, with 125,000 workers in Africa, the mining conglomerate was one of the biggest employers south of the Sahara. It went on to describe how 20 per cent of the corporation's African workforce was infected with HIV, the AIDS virus. The article raised the prospect of GoldStar acting as a catalyst for a region-wide programme of HIV/AIDS awareness and treatment.

Suddenly it clicked. Just as seven months ago he had found a way to utilise the core strengths of ExCo to provide meaningful benefits to local communities (in this case the ability to modify a construction contract to roll out feeder roads to outlying villages), here was GoldStar proposing a similar thing, only in this case the area of community benefit was not feeder roads but health services, and the use of core business competencies not the construction contract but its employee health services.

Fine so far, thought Chris, but why was the article saying that the programme was now '*delayed*'? He read on.

Three factors were combining to slow down the initiative. First, the private sector drug companies were giving only '*limited support*', presumably a reflection of the cost of retro-viral drugs. Second, '*national politics*' was cited as an obstacle, which he assumed was a reference to the recently publicised disparities among different African governments with respect to their willingness to recognise the urgency of the HIV/AIDS epidemic. And third, and at this he drew a sharp breath, stalemate over both who would be responsible for continuing to provide the drugs once infected employees

had left the company, and how the programme would be expanded to the wider region.

He thought back to the village feeder roads to Ikabo town. Had he done the right thing? The same questions were sure to come up. Who would pay to maintain the feeder roads in the future? Further, had ExCo now set a dangerous precedent? Soon the same villagers, and probably others, would be demanding feeder roads for their own communities. Would ExCo have to pay for them all, *and* support their long-term maintenance?

Perhaps it wouldn't even end there. What if the same communities began making demands on other areas of ExCo's core business? ExCo, through its contractors, already installed water supplies, generated electricity, and provided health care services and housing for staff in the field. Heaven knows where these community demands might end. Mobile phones?

Chris wondered whether he had not inadvertently taken a step in the wrong direction. Was he guilty of dragging his company back to the paternal days of state-owned enterprises where big business managed many of the social functions of government? The prospects of this for

ExCo's bottom line didn't bear thinking about, not to mention the risk of long-term liabilities and escalating recurrent costs such as infrastructure maintenance and staffing. He eased the muscles in his broad shoulders and reached for the airhostess call button. 'Canada Dry, please. With ice and whiskey.'

Mildly fortified, he ploughed on to the end of the article. The final comment was from the CEO of GoldStar. He simply noted that the company would continue to develop common policies with the unions and government in an effort to solve the problem.

Chris stuffed the paper into the pocket in front, clambered out of the seat, and swayed once more down the aisle. He stayed on his feet for a good ten minutes, calming himself by watching the other passengers, each wrapped in their own little world. In the mirror of the restroom he saw the familiar red streaks around the pupils of his eyes, a sign that it was high time to sleep.

Back in his seat, he struggled to find a comfortable position for his long legs. As he finally reached that strange state of semi-consciousness, which in economy class is as close as one ever comes to sleep, he latched



onto the final words of the GoldStar CEO. He wondered why *'finding common policies'* with government and the unions would help solve the problem. Perhaps there was something here he wasn't quite getting.

The plane landed smoothly and after the usual tedious delays going through customs Chris stood at a phone booth in the arrivals hall, surrounded by luggage. 'Aida. Can you hear me? How are things?'

'Fine love. The children are fast asleep. My father has just left. He brought us round some fresh snapper. Thought I might not have had time to shop with you gone, and anyway, he said he had some going spare. Said he was under pressure from his wife to free up space in their kitchen.'

'I'm sorry about yesterday,' ventured Chris, somewhat warily. 'It might amuse you to know I spent a good hour trying to undo my suitcase. The combination lock had somehow managed to shut itself, and, of course, I didn't have the keys to override it. I had to go through every possible number to get in.'

‘Idiot,’ she said, affectionately.

‘Best go, love. You know, got to bring in the money to support your shopping trips.’

‘Careful dear. It’s not as if I don’t have a job.’ Chris noticed a slight edge to her voice, and a short silence followed. He fought the urge to dig deeper, hoping she would soon return to the pleasantries. At last, and with a noticeably softer tone, she said, ‘take care out there, dear. We all miss you. Oh, and I nearly forgot, your office called to say that you can now access your e-mails from any phone line. I put your user name and password in the pocket of your briefcase before you left.’

‘Thanks love. What would I do without you?’

‘Exactly.’

‘Bye then.’

## **Bar Sol**

---

**They** swapped business cards. Craig Samson, Social Issues Manager for Mining Enterprises International Limited (MEIL) – a half billion dollar investment in gold and silver mining in the Bella Vista District of Zamoro Province, a remote agricultural region close to the border with Brazil. Helen Troy, Social Review Specialist for Boston Capital Partners, one of the equity investors in the mine. And Chris, Assistant Director of External Affairs, ExCo Corporation West Africa, and a man secretly relieved to have found a handful of old business cards in the side pocket of his suitcase.

Helen explained that she was in town to prepare a due diligence update for her institution and that her expertise lay in social and political risk. With her cool good looks and professional demeanour she seemed somewhat out of place in the colourful surroundings of Bar Sol, a popular bar off the main square in Bella Vista town.

‘Let me explain briefly what’s going on,’ said Craig. ‘The business is cranking itself into shape after nearly a two-year hiatus. Gold prices are back on an upward track, at last, and we’ve had the go-ahead to start issuing invitations to tender for the construction of our main facilities. Basically, we’ve got the green light to move to production just as soon as we can.

‘My team have until now been keeping a lid on the expectations of the local population. A year ago we finished a detailed community survey. This suggested a population of around twenty thousand living in a twenty-mile radius of the project. Unfortunately, with no obvious progress towards production these last two years there isn’t much we’ve been able to do for them beyond talking. But recently, since word got out that the mine could be starting up, our community liaison staff have reported a noticeable increase in demands. It seems that

everyone is convinced that we are about to employ them.’

‘That’s exactly the same problem we’re having,’ interrupted Chris enthusiastically. He gave a short account of his recent experience with FD23, including an outline of the feeder road programme and its aim of widening the benefits of the project beyond those lucky enough to be given jobs.

‘Hey, that’s a neat idea,’ interjected Craig. ‘I wish I could get management agreement for something like that. Our local contractors have pretty much sat around this last year, anticipating a rise in the gold price and not wanting to miss the opportunity of working with us. I doubt whether it would cost us much to extend our own ongoing road programme to include a few local communities.’

He paused. ‘But then I guess this is precisely why you’re with us this week, Chris, to share these experiences as we try to develop a partnership around health care services in the district.’

Helen took a moment to write something in her notebook. *Road roll-out/health care services – increased risk?!* Chris pretended not to watch.

‘So,’ continued Craig, ‘things are looking good. We’ve just had our social management budget increased to \$500,000 over the next three years, and we plan to start consulting with those communities most affected by our operations in the next few weeks.’

Lowering his voice he leaned forward. ‘Obviously, and let’s not kid ourselves here, with such low education levels around these parts, not to mention the strength of the unions, the prospects of men from these communities gaining long-term employment with MEIL beyond a few security and maintenance jobs are close to zero. Still,’ he perked up, ‘we can do a lot with a half a million dollars. School teachers, health clinic, tube wells, stand-pipes, you name it. We even have ideas for a revolving savings and loan scheme. We’ll be a regular little NGO by the end of it all. Oh, and of course not forgetting this little health care partnership you’re here to watch us work on.’

What crazy times these are, thought Chris to himself. Sure, for our corporate image, companies like ours have

to be *seen* to do something for those who have lost land or had to be resettled, and there are growing risks to production if we don't, but really, these sorts of community projects should be managed by someone with a little more experience; after all, it is hardly our core business.

‘Did you want to add something, Chris?’ asked Craig, seeing a quizzical look cross Chris’s face. ‘No, sorry, just thinking.’

Chris was warming to Craig, not least for his endearing enthusiasm. He had learned that Craig, not unlike himself, had recently moved from what might be considered the more conventional side of the company, from Operations Safety Manager, to the brave new world of corporate social responsibility, under the title of Social Issues Manager. He was, however, still in the Health, Safety and Environment Department, still had the same boss, and was still essentially driven by the need to comply with the requirements of the company, investors and government regulators.

The silence continued and they both looked at Helen. She however didn't speak. Craig, realising that this

might have something to do with what he had just said, and slightly worried that he had come out with something he shouldn't in front of a principal investor, decided to change the subject. 'Who's for another drink then. Tequila slammers all round?'

In the opposite corner of the room, a petite, small-boned woman sat down, putting two local beers on the table. 'Dr Gomez,' she began, pointing, 'you see Craig Samson and his colleagues over there, they are the problem.'

Maria had spoken on this subject many times before, to her staff at the regional offices of Social Concern International on the outskirts of Bella Vista town, and at conferences in the United States and Britain. But Andreas Gomez, Chief Planning Officer with the Lands and Rural Economic Department, Zamoro Province, was a relatively new audience. She wasn't about to miss the opportunity. With one beer already inside her she was fuelled and ready to go. 'Dr Gomez. Andreas. Listen.' She leant forward.



## Two Big Ideas

---

‘I don’t exactly endorse the tactics of the anti-globalisation movement, but I do think those people have an underlying point.’ Andreas settled back into his chair, preparing for the onslaught. ‘Call it western guilt, call it radicalism, I tell you something just doesn’t add up. Did you know that the recent official communiqué of the leaders who met at the G8 conference in Genoa last July had the nerve to say, and I quote, *‘Drawing the poorest countries into the global economy is the surest way to address their fundamental aspirations.’* I ask you. It should be the other way around. The problem is not that the poor don’t have access to the products of multinationals, but that the presence of multinationals in

poor countries makes absolutely no positive contribution to the lives of those in poverty. Take tax for example. Show me a poor country where oil, gas or mining revenues are channelled back in a way that genuinely helps those communities in the region of operations’.

‘And jobs,’ she continued, before Andreas could butt in with an example or two. ‘Staff are either from the educated elite, or manual labourers drawn from a few select regions, often miles from the mine site or oil field. Local jobs for local people are a token, that’s all.’ This one he conceded. ‘And now look at what the multi-nationals are doing. Acting like NGOs. Scouring the world for community development specialists and anthropologists, and luring students from the leading universities with advertisements showing young white western men and women working with local communities in the supposed jungles of Africa.’

People were staring now. She noticed Craig and the two people with him looking straight at her. They didn’t seem amused. Seizing the moment, Andreas started to speak, but Maria waved him quiet.

She lowered her voice. ‘I don’t really blame them myself. Sometimes I wonder whether us NGOs aren’t

partly to blame. For years we have thrown stones, both literally and metaphorically, arguing that the mining and oil giants don't care about communities. Eventually, and I mean *eventually*, these companies turned and asked us what we thought they should do. So we told them: act like us. Some of us even showed them how to do it, providing seminars and training programmes in participatory community methods, micro-credit and intermediate technology. We can hardly be surprised that they now try to mimic us, with well resourced 'in-house' sustainable development departments or corporate social responsibility units filled with community liaison staff and development specialists. Some have even set up locally based community development NGOs, and others, with varying success, have tried to farm out the management of social issues to business-friendly NGOs. The thing is, what does this all mean in practice? Is this really the right way to go?

Andreas kept silent and braced himself for what he dearly hoped would be Maria's final words.

'I'll tell you what it means, Andreas, it means low-quality community projects, islands of charity directed at the handful of communities that have lost the most land

or been resettled. It means inter-community jealousies and widening disparities of wealth across the region. It means a new type of dependency for communities; not, this time, on the international aid agencies or NGOs, but on companies, and for social services that should properly be the responsibility of local government. Above all, Andreas, companies can't go on acting like NGOs. What if these companies fail to find oil, or the financing for a major project collapses at the last minute? Do they simply pull out, causing community infrastructure and services to grind to a halt? If oil or mineral commodity prices fall, where will these community development funds come from then? And what happens when these projects end, as they always do in time? You can't make the locals dependent on the company for public services. Andreas, you probably think I've gone on too long, but we haven't even begun to talk about human rights, and what oil and mining projects have done to the environment'.

'No, Andreas. We need to think again. Someone out there has to be more intelligent about all this. You may not think so, but I'm not a radical. I'm a realist, a pragmatist. I do believe oil and mining companies can

bring something positive to local societies, but not by aping the charitable sector.’

Andreas got up decisively and pushed back his chair. ‘Maria,’ he said firmly, ‘you have some excellent ideas, and I’d like to talk about them. But first I suggest we have another drink. You must be thirsty.’

A few minutes later. ‘Allow me to congratulate you,’ Andreas began, his accent betraying his graduate education in the United States. At least ten years older than Maria, he was ever the diplomat. ‘For a while now I have indeed been thinking much the same thoughts as you. It is clear to me that, though relatively new to our country, you have learned of our ways fast. But...’ and with this he too lowered his voice, ‘...there is much still to learn.

‘Across Latin America, we are less concerned that corporations will take over from government, or that they are behaving like aid agencies. No, we’re worried that the privatisation of state-owned mining and oil companies will speed up the collapse of social welfare in the region where these companies operate. As you well know, only recently our own national oil company,

Andapetrol, was part privatised. In readiness for the sale, all community welfare and assistance programmes were *off-loaded* in order to reduce the investment liabilities.’

Andreas made this last statement with more than a hint of sarcasm. ‘Up to then Andapetrol had provided education and health care to its immediate employees and their families, as well as, on a cost-recovery basis, to other people living near the project site. The company also installed and maintained power, water and sanitation services on what would be considered these days to be a heavily subsidised tariff’.

‘Maria, I don’t think that the issue is that these new large private companies will try to do too much for communities. My point is that they will succeed in doing too little. I do agree with you that perhaps newly privatised companies should not act as if they were the government, but I disagree that they should not be involved in some way with ensuring that communities in the regions of operation benefit from their presence. We all want to see communities develop, and we should not avoid talking to anyone who can help’.

‘The key question as I see it, is not *whether* large oil and mining companies should help poor communities, but *how*.’

‘I couldn’t agree with you more’, said Maria. ‘But the *how* has to be thought through, it can’t simply involve mimicking what aid agencies do. Let me ask you a question, Andreas. If you and I worked for, say, the United Nations World Health Programme in a sub-Saharan African country, and we wished to distribute condoms and medicines to the furthest corners of the country in support of the government’s HIV and AIDS prevention programme, who could we use? Who has the most complex, reliable and all-pervasive network of transportation; a distribution system that could reach the breath of villages that no other single organisation, government department, aid agency or NGO could reach?’ She paused for effect. ‘Coca Cola.’

‘Another one,’ she continued. ‘If a poor region in a remote rural location, with an ineffective and under-funded local government, is host to a major oil or mining operation, what is the one business activity, other than employment creation, that is both unique to the region and of critical importance to the development and

welfare of local communities?’ Another pregnant pause. ‘Water’.

‘What!’ exclaimed Andreas. ‘You want a major oil operation to become water providers for local communities? You can’t be serious!’

‘Hear me out,’ said Maria. ‘I was making it too simple. What companies could bring to the construction of rural water supply is the quality of their project and contract management skills, and the influence they have as clients over their contractors. At very little cost, for example, the company could work with local government to design an increase in capacity of the water supply needed for its operational activities, and build these modifications into the terms of the contract for their main contractors. The additional funds for extending this infrastructure to local communities would come from government or perhaps international aid agencies, with the design and management of a system of tariffs for water use put together jointly by an NGO like ourselves and the relevant local government department.’

She paused, then went on. ‘Obviously I am still oversimplifying things here. These new types of partnerships



are explained far better by the Business Partners for Development Programme.’

‘Who?’ said Andreas, relieved to have found a way to slow Maria down.

‘This is the group behind the invitation from MEIL to the meeting next Monday. You know, the one about health care services in the district.’

Maria gave some of the background to the BPD programme, and wrote down the web-site address for him. ‘Case-studies and management tools from the programme are available in Spanish on [www.bpd-naturalresources.org](http://www.bpd-naturalresources.org)’, she said.

Maria picked up again where she had left off. ‘Going back to what we said before, I hope it is becoming clear. We agreed earlier that large companies in the extractive industries sector do need to contribute something to local communities beyond short-term employment and an assumption that taxes will return to the region, but that the question of exactly *how* still remains, not least questions over companies that try to mimic NGOs and aid agencies. And we both also agree that the

paternalistic days of the wholly state-owned enterprise are coming to a close.’

‘That’s reasonable,’ Andreas concurred. Actually he didn’t entirely agree, but decided to play Maria’s game in the hope she might be coming to the end of the lecture.

‘Well, I think the *how* lies in two simple, but big ideas. The first is that oil, gas and mining operating companies have many strengths that could be put to good use to help reduce poverty and promote the development of poor communities. Let’s call these the company’s core competencies. I mean things like more outreach to poor communities as part of general recruitment; improved access for local firms to the company’s supply chain; the sharing of training and other human resource development capacities; and assistance to local firms to gain access to new technologies. But there are also a whole range of *hidden* competencies; capabilities and resources that as yet companies have looked at as relevant only to their core business, but which with imagination could be of great value to programmes of poverty reduction and local development. Examples here, if you will allow me, include the rolling out of

operational infrastructure – roads, telecommunications, power generation and distribution, water supply and sanitation, waste disposal etc; the company’s project and contract management skills, design skills, market research and marketing, and distribution networks; its borrowing capacity; and even its administrative and financial management expertise’. She paused.

‘The second big idea is partnership. I am not so naive as to believe that companies would offer these core business competencies without adequate incentives. And anyway, from an NGO perspective we don’t want the development of communities to be tied to the fluctuations of international commodity markets. No, companies need partners, or more specifically, they need new types of partnership that recognise the ways in which business resources can be aligned with both the strategic plans and resources of government and the community-based knowledge and resources of voluntary organisations such as ourselves.’

‘So, two big ideas then,’ said Andreas, hoping to sum up where they had got to and reach the end of the discussion: ‘more imaginative deployment of the core strengths of companies to benefit communities,

combined with a new form of strategic alliance between the company, government and civil society.’

‘Fantastic, you’ve got it,’ beamed Maria. ‘I’m still trying to work it all out myself at the moment, but it does sort of seem to make sense.’

Andreas, aware that it was getting late, prepared to bring the session to an end. ‘Thank you, Maria. It’s been useful talking to you, but I must leave you with a thought or two of my own. First, beyond a sprinkling of in-kind philanthropy and *pro-bono* work, how will you, or anyone else for that matter, persuade a company to put its core resources on the negotiating table for anything that doesn’t help to make a profit? And second, and here I’m speaking from personal experience, what makes you think that a rural district government authority has the resources to contribute to such a partnership in the first place?’

Anticipating that Maria would try to answer what were supposed to be rhetorical questions, Andreas stood up to his full height, extended his hand and offered to order a taxi.

They waited for the taxi together outside the bar. Both quiet now. Both enjoying the coolness of the evening breeze as it slid off the distant hills. Eventually Andreas turned to Maria.

‘Maria, I do wonder whether this meeting with MEIL next week might not be such a good idea. We know that the gold price is strengthening and that the company is probably about to move ahead with production. But is this really the right time to test these partnership ideas?’

Maria thought about this for a moment. ‘Of course we’ll need to be careful. We don’t want to raise anyone’s expectations. Perhaps, Andreas, the way to handle this is to explain to MEIL that in our view Monday’s meeting is just exploratory; to see whether we can pool our resources in some imaginative way to improve health care in the district, but no commitments.’

‘Maybe you’re right. The health care services in the district are certainly in a bad way as I know only too well; improving them is one of our Governor’s key policies and part of the new District Development Plan for Bella Vista.

‘Precisely,’ said Maria, ‘it is clear that you already have co-ordination, budget and technical competencies in the area of health services, just as health awareness and primary health care are key functions of our own organisation. And remember, even now MEIL provides some health care services to its employees and probably has plans to roll out these provisions to their families as profits improve. They also have excellent project management skills and experience in managing construction and procurement contracts.’

‘It does all sound exciting Maria, even plausible. You seem well prepared. I will need to do more background work with the Governor and Department of Health, but you have persuaded me. Let’s give it a go. What have we got to lose except a little time,’ he paused, ‘and possibly our entire reputations.’ He laughed. ‘Yes Maria. Let’s give it a go.’

He opened the door of her taxi and waved her goodbye.

A month earlier Craig Samson had called Andreas. The conversation had been short but quite useful. They had discussed the idea of meeting to talk over ways to

improve health care facilities in the vicinity of the MEIL mine. Craig was worried that the differences between the quality of health care inside and outside the company fence would begin to cause jealousy among those outside who were dependent on lower quality government services. He raised the prospect of *some* of the company's resources being made available to the wider community, but didn't specify the details. They agreed to meet. Towards the end of the conversation Craig explained that MEIL was due to be visited at this time by a representative of a major oil company in West Africa and also by one of its own investors. He asked if Andreas would mind if they sat in on the meeting.

They also touched on the idea of inviting some community representatives, but in the end both agreed that, given the nature of the meeting, there was a danger of raising false expectations. Community representatives could be invited at a later stage, if things progressed.

Andreas suggested that Maria Piedad of Social Concern International might also come along, not least because her group had expertise in health and good contacts with communities in the district. Craig was not altogether happy with this, but could hardly turn it down, given that

Andreas had readily agreed to his own request. He also saw some potential benefit for MEIL: the prospect of off-loading parts of the emerging MEIL Social Management Plan to an NGO.

The meeting was set for the Monday following the arrival of the ExCo representative.



## Road Map

---

**‘Aida** I’m beginning to miss you.’ It was six am and still dark outside. Chris was sitting up in bed in his hotel room. Because of the time difference he needed to call home early in the morning, to be sure of reaching her during lunchtime.

Before calling he had neatly laid out a range of documents prepared by the BPD programme on how to develop partnerships between companies, governments and communities. He had meant to pick out some salient points in preparation for the meeting tomorrow and had one of the documents open on his lap as he dialled. Although only ten pages long, a quick glance had suggested that beyond some simple diagrams and checklists, the text was rather dense. He wasn’t sure his

brain was sufficiently engaged to cope with this. Not just yet. A call to Aida, he decided, would wake him up. She would have to break for lunch a little earlier today.

‘*Just* beginning to miss me,’ responded Aida. ‘I’ve been at it for at least two days now.’ He enjoyed her humour, it was one of the things that had brought them together.

They had both known early in their relationship that this was likely to be something special, but it had not been a smooth ride. It was not traditional for someone like Aida from the Creole people to marry into the type of indigenous family from which Chris came. Both families were highly suspicious of each other and as soon as the relationship had become known the hostilities began. From the outset both sets of parents forbade their children to see each other, let alone marry across the divide.

But Aida and Chris persevered. They encouraged their families to meet socially as much as possible. By accident at first, in market squares and the bus station. Then by design, at parties and other social functions. Progress was slow and they soon realised that more subtle tactics were needed.

Their fathers both enjoyed fishing, and each owned a small boat. One day, when the engine of Chris's father's boat failed to start, Aida arranged for the two men to go fishing together in her father's craft. What happened that day noticeably changed their prospects of marriage.

Chris's father's technique was to trawl a hook behind the moving boat. Aida's father preferred to sit it out with a line and float. Neither had had much luck over the years. Aida's father would rarely catch anything larger than a snapper, and on a good day Chris's would catch the odd jellyfish. Of course, both always insisted they *had* caught other fish but that invariably these had been too heavy for the line.

But on this particular day, when the two returned to shore, tied to the hull of the small blue boat was a swordfish the size of a grown man. After four hours at sea squabbling over which technique to use, they had settled on a compromise. First, they would try to catch a small snapper using the float, then trawl this as live bait behind the boat.

The combined strategy worked. For a hot and windy two hours they wrestled with the monster fish, taking it in

turns to hold onto the line, each desperate not to be the one to lose face. Needless to say the two men beamed with pride on their return, showing off their friction burns as scars of battle. Both families shared in the subsequent feast. After this, permission to marry was little more than a formality.

How long ago that all seemed!

After asking after the children and catching up with her news, Chris said his good-byes to Aida and clicked the phone back in place. More relaxed now and marginally more awake he picked up the BPD notes on developing partnerships.

Essentially the guidance fell into three phases. The first was to explore the overall merits of adopting a partnership approach. Here the paper listed a series of factors for consideration in deciding whether or not to enter into a partnership arrangement. He wrote these out in his notebook, underlining the main points:

- 1. the community development priorities to be addressed through the partnership - be they improvements in employment opportunities,*

*provision of health care, education and transportation, access to credit etc;*

2. *the main alternatives for the business to contribute to the same community issues - be they outsourcing to a local charity, contracting external consultants, setting up a local charitable Foundation, hiring new in-house staff with community development skills;*
3. *the strategic business interests to be served by the partnership, be they corporate reputation, competitive advantage when bidding for new oil and gas concessions, market penetration, reduced on-site security costs, cost sharing with government on operational infrastructure, improved health and productivity of the workforce, more reliable supply chain etc;*
4. *the existing business management process or systems into which the company's involvement with the partnership would be integrated;*
5. *the company's negotiation strategy for entering into discussion with potential partners, including any*

*business deadlines, deliverables or security matters that might be non-negotiable; and*

6. *the anticipated costs and risks of the partnership, such as the opportunity cost of lost management time, and the risk of the company becoming dependent on outside organisations in meeting the environmental and social compliance requirements set for it by government regulators and its investors.*

Chris was struck by the similarities between these steps and those any company takes to form a more conventional strategic alliance between two different businesses. He copied another passage into his notebook:

*‘A common error in trying to build partnerships is for a company to launch into discussions with potential partners before fully understanding the potential compatibility of different organisations’ strategic interests.’*

He agreed with this wholeheartedly. He had seen exactly the same mistake in his own organisation. Before taking charge of FD23, ExCo had tried to outsource its efforts to assist neighbouring communities to a local NGO. But

problems soon emerged. Problems, Chris now considered, that might have been prevented if there had been some early in-house assessment of the compatibility of the different objectives of the organisations. Not least of these was the widely differing perspective on the timing of deliverables. To satisfy the government regulators and its investors ExCo was required to produce, within six months, both a Social Management Plan describing how it would manage the project risks associated with those communities affected by the proposed operation, and a report recording tangible progress on delivering community benefits.

By contrast, the NGO with which the company had tried to work refused to move so fast, claiming that community development planning ‘takes time’, and that first its staff must dedicate at least twelve months to building trust with community leaders and strengthening their organisational capabilities. For ExCo such a delay was not possible.

This clash of cultures soon poisoned the fledgling relationship and the contract between the charity and ExCo was never signed. ExCo immediately hired a team of international consultants and the necessary planning

documents and progress report were completed on time and to the satisfaction of the investors.

Chris wondered whether things might have been different had the early and more systematic in-house assessment recommended by the BPD programme taken place before the two sides had first met. He paused to fix himself a weak and strangely tannic tasting cup of tea. Sliding a second pillow behind his back, he read on.

The guidance described a second component to exploring the merits of partnership: consultation. The paper outlined the purpose of this consultation and as before, he summarised the main points:

1. *establish channels of communication with suitable and willing government and civil society partners;*
2. *gauge the level of buy-in from potential partners in relation to the social theme that will be the focus of the partnership activities, eg healthcare, education, resettlement, employment, environmental management;*
3. *agree the broad design parameters for the project or programme that the partnership will need to deliver to be effective and sustainable;*



4. *explore possible roles and resource commitments of prospective partners;*
5. *gauge the partners' capacity to implement their likely commitments to the partnership; and*
6. *agree on the process by which the partners will come together and negotiate the detailed terms of the partnership.*

He reached over and picked up his briefcase from the side of the bed, pulling out the memo from Craig that had appeared under his hotel door last night. He read it again, but this time as he did so, referred back to his recently scribbled notes.

*MEMO*

*To: Chris Nulwanga, ExCo*

*From: Craig Samson, MEIL*

*Please join us on Thursday at 22 Liverpool Street, downtown Bella Vista, just behind Bar Sol (where we met the other night). As you know, we have invited the planning department of the Regional Governor to meet and discuss how we might collaborate on the development of health services in the district that serve both the mine*

*and the wider community. Helen, who you met at the bar, will also be joining us, as will Maria Piedad, Country Director of Social Concern International. Unfortunately, we can only grant you observer status at the meeting. We look forward to seeing you there and hope to give you a chance to comment.*

*Best regards, Craig*

Interesting. So, in BPD speak, this meeting was part of the ‘exploration’ phase of the partnering process. He felt confident that his growing checklist and notes would help him make more sense of the meeting.

His thoughts drifted back to the analogy with conventional strategic business alliances. He remembered his MBA studies well, and the different ways in which companies try to break into new markets. Strategic business alliances, rather than mergers, acquisitions or internal business development, were favoured when the market was unfamiliar, in other words, when the company lacked the necessary capabilities to exploit the new market and when the risks of failure were high. Although assisting communities

was obviously not a new market area, it was a new type of working environment, and so it was unsurprising that the same principles applied. Perhaps this partnership approach wasn't so alien to the business world after all.

The rest of the document covered two further phases of partnership development: Partnership Building and Partnership Maintenance.

The Partnership Building phase seemed to be centred around the process of negotiation that led to an agreement about what the partners would do together. Each ingredient in the written Partnering Agreement had to be discussed and agreed, and the paper emphasised the importance of adopting a style of negotiation to do this that created trust and, above all, mutual gain. A type of negotiation where one party seeks to win at the expense of the other was soundly rejected. Chris was well used to this more *consensual* form of negotiation, as the paper described it. He felt confident that, although he had never labelled it as such, and still less had seen the process broken down into distinct steps, his discussions with communities in the area round the FD23 project matched the process perfectly.

He was intrigued by this idea of the parties signing a formal Partnering Agreement. ExCo's own written Memorandum of Agreement (MoA) with the communities had fallen well short of the full list of items described in the BPD paper. For example, the list of anticipated benefits agreed with community leaders had only focused on what ExCo would do, and mentioned nothing about what the communities would contribute, or what resources the government authorities or local NGOs might bring or roles they might play. Further, the FD23 MoA contained no written vision or mission statement agreed by all parties, neither did it list the strategic objectives for working together, nor the expected deliverables. Further, there was no joint workplan detailing the division of responsibilities.

Realising that this longer inventory of ingredients might be useful at the meeting tomorrow with Craig and the others, he noted them down:

*Partnering Agreement – ingredients*

1. *assumptions* – eg about availability of funds and resources
2. *representatives* of each partner organisation and their status

3. *geographic boundaries and/or target population of the partnership activities*
4. *a (common) vision statement*
5. *the objectives of the partnership*
  - *shared by all parties*
  - *specific to an organisation*
6. *joint workplan, encompassing:*
  - *activities, schedules and performance indicators*
  - *resource commitments*
  - *roles and responsibilities*
7. *funding arrangements*
8. *decision-making principles*
9. *a grievance mechanism to resolve differences*
10. *procedures for transparency and on-going communications between partners*
11. *measures to strengthen the capacity of partners to implement their commitments*
12. *measures to mitigate external risks and threats to the partnership*
13. *a strategy for communicating with constituents and other interested parties*
14. *procedures for monitoring and measuring the performance of the partnership against both the business and wider social objectives*

*15. rules for individual partners to leave or join the partnership, and exit strategy for the partnership as a whole*

He glanced at the bed-side clock. It was late. He skimmed through the last few pages on Partnership Maintenance, and scribbled:

- 1. periodic progress reviews*
- 2. occasional SWOT analysis*
- 3. monitoring and end-of-partnership evaluations*
- 4. safe exit*

He would save the details for another day. Showered and shaved, he was out of the door in ten minutes.

## Design Parameters

---

‘Welcome to you all,’ Andreas began. The day before, Craig had phoned Andreas to ask if he would like to chair the meeting. His aim was two-fold: to show respect to the Governor’s office, and to reposition MEIL as a part player, rather than a driver, of the meeting.

The pleasantries and introductions were quickly over. Andreas then turned on the overhead projector and presented the agenda for the day. Drawing on the text of the original letter of invitation from Craig, the first slide stated that the overall objective of the meeting was:

*Explore the options for MEIL, the Zamoro Province Regional Authority and Social Concern International to collaborate on the development of health care services in Bella Vista District.*

Chris pulled out the notes he had written earlier. The first part of the morning was taken up with each representative outlining their perspective on health care needs. First Andreas, then Craig, then Maria.

Andreas began by putting up a map of the district. He described how 32,000 people lived within the district boundaries, in five dispersed settlements of about equal size. His next slide summarised the process through which his department and the regional Health Department had developed health care policies as part of the wider Regional Development Plan. He explained how the development plan for Bella Vista District proposed five new health centres, designed to the highest standards, one in each of the five main settlements, and at an anticipated cost of K200,000 each. His next slide gave a very rough breakdown:



- *K125,000: construction and fixed capital costs, the latter essentially laboratory equipment and fixtures;*
- *K25,000: medical supplies over a five-year period (the period of the plan);*
- *K50,000: staff salaries (doctors, nurses, administration, maintenance/cleaning and security).*

The Governor's budget for health care in the district stretched, Andreas explained, to K400,000, which was enough to meet the costs of two of the proposed five centres. He ended his presentation by applauding the positive attitude of MEIL towards the local communities and inviting the company to cover the costs of the remaining three health centres.

There was silence as Andreas sat down. Craig was visibly disturbed, his jowls quivered. He felt he had been tricked. He should have seen this coming from the recent press coverage of the Governor's speeches. The newspapers championed the Governor's call for improved health care services for the people of Bella Vista District, no doubt a politically strategic district. The speeches gave the impression that each of the five settlements would get a new health centre. It was also

common knowledge that the Governor was up for election in three months time, and it occurred to Craig as he watched Andreas, that perhaps Andreas's own position in government was somehow tied to the success or failure of the Governor's bid for re-election.

Craig lifted his burly frame slowly from his chair. He began his presentation with a statement about how MEIL was committed to being a socially responsible business and keen to work in partnership with government, local NGOs and the communities in the district. He also stressed that such partnerships, if they were to work, must help reduce the likelihood of disruption to business operations, improve the corporation's reputation both nationally and in its domestic market in Canada, and provide health services to its employees. 'Above all,' he stressed, 'I need to be able to formulate a clear and defensible business case for this partnership.'

Craig's first overhead slide showed a complex chart entitled 'The MEIL Social Management Plan'. A professional-looking colour-coded diagram prioritised the social needs of the five communities and in four of the five settlements health care came top.

Acknowledging Helen, Craig explained how the impetus for the MEIL plan had come from two sources: the corporate, group-level, social responsibility policies of MEIL at Group headquarters, driven by its combined health, safety, environment and community management system; and the due diligence requirements of Boston Capital Partners, one of its investors. At this point he invited Helen to say a few words.

Helen explained that, as a *value-adding* equity investor, Boston Capital were acutely aware of the need for the effective management of investment risk. On a previous visit their in-house due diligence team had concluded that the acquisition of land from local communities might have generated community tensions and that this was a potential source of unresolved grievance and therefore a risk to the investment. It was the team's conclusion that some form of additional recompense was needed beyond the payment of cash compensation to those who had lost land, and it was needed quickly. Her organisation therefore welcomed the reassurance of MEIL that a Social Management Plan was to be put in place, and hoped that it would concentrate on social projects that would benefit the individuals most adversely affected.

Everyone murmured their thanks to Helen.

When Craig stood up to continue, his voice had hardened. It was the first time Chris had seen him look aggrieved. Sombrely, and armed with yet more charts and figures, Craig explained how, despite the upturn in the price of gold, the commercial viability of the mine was still finely balanced. He emphasised that these problems were being compounded by recent proposals by the Ministry of Energy and Minerals to change, and by his inflection he left it in no doubt that he meant *increase*, the tax levy on commercial mineral extraction.

At this point Andreas asked if he could clarify the situation. Reluctantly, Craig gave way. Andreas explained that whilst it was true that the tax regime had been changed in line with the country's regional neighbours, central government had passed legislation that required the redistribution of 20 per cent of levies back to the region of operations. He admitted, though, that the Governor of Zamoro Province had not yet decided how these additional resources would be allocated.

Craig took to the floor again and continued to the central part of his presentation. He explained that MEIL had sufficient funds at this point to provide a mobile health clinic: a converted bus that would travel around all five settlements in the district. Although the company had no funds to staff the mobile unit, it could buy the vehicle as part of mainstream procurement, pay to fit it out as a medical unit, and provide medical supplies for a period of up to five years. He said that the company could make costs savings here since they would be able to combine the purchase of medical supplies for the mobile clinic with provisions for MEIL's own on-site employee health facility which it was planned would be upgraded next year. Summing up, Craig offered to contribute K125,000 worth of health care provisions and services.

Everyone then looked at Maria. She knew her reputation had gone before her and she had worked hard at keeping quiet until now. Once she was on her feet, however, she became her usual animated self. Dispensing with the use of the overhead projector, she explained that her organisation was a local affiliate of an international and well-respected NGO. She went on to describe how her staff had been working closely with the people of Bella Vista District for the last three years on various

community projects. With some passion and, Chris thought, some unnecessary detail, she outlined the participatory techniques used to help the communities prepare their own village development plans.

During this last part she shot a frosty glance towards Craig, the implication being, Chris presumed, that MEIL's Social Management Plan had failed to make use of these participatory techniques. Helen scribbled something in her notes, but didn't look up.

Maria went on to talk warmly about her relationship with the paramount chief of the district, Chief Larralde, and made a plea that he should be invited to any subsequent meetings. She then sounded a note of caution. 'The communities in the district expect to get five permanent health centres, one in each settlement. This expectation is widespread, endorsed by both the informal and formal leadership in each community, in other words, both the sub-chiefs and elected village councils.'

She ended by making a statement which Chris was quick to capture in his notes.

*‘So, I say to you all that we have done our bit. Village Development Plans are in place, over which the communities feel real ownership. Now it’s your turn. They are expecting five permanent clinics and they are expecting them soon. There is a palpable air of anticipation and excitement, but their patience won’t last for ever.’ (Maria)*

Craig could contain himself no longer. This was blackmail. Before Maria had reached her seat he stood and, with cheeks burning red, blurted out his frustration. ‘Of course they’re expecting *five* clinics. I’ve seen how these participatory techniques work in practice. They generate a wish-list, raising expectations that no one can fulfil and creating a dependency on outsiders that lasts for years.’

The room was still. Maria, perhaps wisely, chose not to react. Andreas, whom everyone was expecting to enter the conversation with some soothing words, remained quiet.

The silence continued until Chris, always uncomfortable with such situations, swallowed hard, then started to speak. ‘I was wondering’ he began tentatively, a little

surprised to find himself speaking at all, ‘and do tell me if I am talking out of turn here, whether it might be possible to take a small step backwards.’

He continued. ‘As you all know I’m here as part of the Business Partners for Development programme, and earlier this morning I read through some of their guidelines. As I understand it this group have been flying around the world developing these partnership ideas and identifying good practice. Their most recent guidance suggests that at this early point in the process of partnership-building the parties should, and if you don’t mind I’ll read directly from my notes here: *‘explore the possible resource commitments of prospective partners, and gauge their capacity to implement the roles likely to be assumed’*’.

Raising his head and looking around the room, he said, ‘Perhaps this might be a good time to try something like that. I should add that I don’t think they mean only cash resources. I think they are suggesting a wider search for all sorts of skills, networks, contacts, equipment etc; what the guidance refers to as each organisation’s *core competencies*.’



Craig leaned towards Andreas and whispered something inaudible. Eventually Craig turned and said to Chris, ‘Fine, but how will we know what to look for? Where is the detailed design, the schedule of works?’ It seemed to him that Chris was asking them to work in the dark.

All eyes turned back to Chris. ‘Well, I may be wrong but I think the BPD approach is somewhat different. They seem to advocate starting with only an *outline* design, then brainstorming the resources and competencies of the prospective partners and from this taking the design to the next level. I guess you could call it resource-based planning. I think the basic idea is to work with what is available, but not to close off the opportunities for creativity and innovation too early.’

‘OK,’ Craig continued, ‘but where are the outline design parameters for this health programme? To put it bluntly, *they*,’ at which he pointed to Maria and Andreas, ‘want five health clinics now and we are proposing one mobile clinic. We’re miles apart.’

‘Perhaps not,’ said Maria. Chris was thankful that someone else seemed willing to take up the reins. He had stuck his neck out quite far enough.

In calculated contrast to Craig's outburst, Maria spoke calmly. 'In our experience there are basic design features that apply to almost any community-based health care programme anywhere in the developing world. May I?'

She pointed towards a white-board on the far wall. Without waiting for a reply, she picked up a pen and began to write in block capitals:

1. *a needs-driven range of health services (both preventative and curative)*
2. *health services that reach isolated communities*
3. *general health education and awareness programme*
4. *improvements in water supply and sanitation*

'And on the practical side,' she talked over her shoulder, such programmes require:

5. *land and construction materials for the physical buildings*
6. *medical equipment and supplies*
7. *qualified and ancillary staff (willing to live in difficult conditions)*

8. *budget – for building, equipment and maintenance*

9. *project management – construction and operations*

‘Lastly, and above all, you need health facilities that are affordable and physically accessible.’

10. *affordable*

11. *physically accessible*

There was a pause in the proceedings while everybody read through what Maria had written.

‘Right then.’ Andreas, keen to exploit the positive atmosphere now developing, and aware that his grip of the meeting had slipped somewhat in the last hour, proposed that they should take a break. ‘After which’, he added, ‘perhaps we can spend what’s left of the morning identifying resources we might contribute, or roles we could assume in relation to this outline design.’

Craig nodded his approval. The others murmured theirs and they broke for coffee.



## Core Competencies

---

**Left** alone as the others turned to talk to each other in earnest, Chris saw an opportunity to call his wife.

After a couple of failed attempts to reach Aida he dialled the operator directly and gave the woman his home number. As he waited for the operator to put him through he thought about a question that had steadily grown in his mind over the course of the morning, and which was bothering him. Were these partnership ideas universal? And if so, what was *his* role in his partnership with Aida. What exactly did he contribute to their relationship?

The problem, as Chris saw it, was that Aida was notoriously self-sufficient. She had her own job and income, and yet still managed to run the house and bring up the children; all with an ease and grace that belied her frantic schedule. He knew, from first-hand experience, just how hard it was to combine work and family. About twice a year Aida went to visit her more distant relatives for a few days, and he took responsibility for the children while she was away. He always survived the ordeal, as did the children. But only just. Three days was usually long enough, for all concerned.

He thought back to the last time he'd been left in charge. Although things hadn't quite gone according to plan, the crisis had not been of his making. Indeed, he considered his reaction to events that weekend to have been near exemplary. Perhaps then this was it. Perhaps his forte in their marriage was crisis management.

He phoned the operator again to see why things were taking so long. She was still trying, and she told him he should learn to be more patient.

The crisis in question had been two-fold. First, a friend of his eldest child had appeared at the door of the house

to announce, somewhat breathlessly, that Awab, their fifteen-year-old son, was in police custody. Apparently he had been stopped in the street and asked to show some form of identification, which he then failed to produce. Second, and simultaneously, their two girls, aged seven and twelve, had started to argue. ‘Argue’ was an understatement. First blood went to their youngest; who scratched the forearm of her elder sister, from elbow to wrist. Before he could do anything the other had fought back and stood in the centre of the room with a clump of hair held proudly up in the air. Needless to say both were screaming.

‘Right. Enough. You, that room. And you, there. *Now!*’ The girls slunk off, cursing under their breath as they went, shocked that their father had shouted at them. He managed to hold his scowl just long enough to see them disappear behind their respective doors. He then winked at the boy, ushered him to sit down and handed him a coke from the fridge. After this he went to look up the phone number of his oldest school friend, Benjamin – now a respected family lawyer and running a small practice in the neighbouring suburb.

‘Ben, hello there. How’s the family?’

‘Hey there, Chris. Long time. Family’s just fine. Thanks for asking. And yours? Aida as beautiful as ever?’

‘More so, Ben. More so.’

They chatted on like this for a while. It wasn’t right to cut to the chase too quickly with Ben. They were friends first, and he needed to respect that. The two men had kept up their relationship for many years now, during which time their wives had become friends. The two families had from time to time helped each other out in a variety of ways, both personally and professionally. In times of crisis their long history reduced the need for lengthy explanations and discussion. If there was a problem, it was taken for granted that each family would do everything it could to help the other out. No strings. And this was just such an occasion.

Within an hour Awab was out of custody; the fine paid by Ben, who had visited the police post personally and signed the release papers. Obviously Chris would pay him back, but that was for another time and would probably take the form of an invitation to dinner.

On the home-front the two girls were allowed out of their rooms and invited to repair the damage. There was



only so much anyone could do to hide the marks on the arm and replace the missing hair, but some token effort was called for. A couple of band-aids and a strategic trimming of hair went a long way. After this he sat the girls down and brokered an apology. He then put them to work cooking the meal, careful to choose a dish they both liked, and allocating jobs that were different and that each excelled in over the other.

Aida arrived home that evening to three excited children with stories to tell, a meal of rice and jerk chicken, and a husband just a little too cocksure for her liking.

Finally the operator put him through to Aida. They had a brief chat that lasted less than three minutes and he was back in the meeting room in five. As he waited for the others to settle into their seats, he wondered whether, with such animosity among the group, a partnership between them would ever get off the ground, let alone last. Thinking back to the family crisis last year, he wondered if perhaps it became clear precisely what skills each member of the group possessed that the others did not, then a form of mutual dependency might materialise, even if short-lived. Perhaps Andreas was the peace-maker, Maria the networker, and Craig the

practitioner. It seemed to him that this was all about drawing on people's core strengths, and finding a way to fit these together that visibly demonstrated their value to the others. Conversely, if there was no added value to be gained from working together, there was probably no partnership. He waited, with interest, for the meeting to start again.

When everyone was seated, Andreas asked Maria if she would like to speak.

‘Assuming we are trying to look at our own resources and skills in the light of this outline design,’ she pointed to the flip-chart, ‘Social Concern International would be happy to put on the table for discussion something that we think will be of interest to both MEIL and the Governor.’

She went on to explain that the country office had an arrangement with the local training hospital in the capital. Her organisation and the hospital authorities worked together to place new medical graduates in rural health centres for a year at a time. The hospital paid the salaries of the doctors and nurses as part of their training.

‘I’ll conclude by saying that there is every chance we can find enough medical personnel to staff five health clinics for an indefinite period.’ She sat down.

With this the meeting quickly moved into an exchange of ideas, offers and counter offers. Round and round the table the discussion went, each party placing resources, skills and contacts on the table that either directly or indirectly contributed to health care in the district.

After an hour or so, during which time Chris and Helen had talked to each other about their respective jobs, Chris noticed a sense of competition beginning to emerge among the others. Each seemed keen not to be seen to be the one contributing the least. There was, of course, a veritable string of caveats, conditions and assumptions, but in spite of this the pool of potential resources grew steadily.

It didn’t surprise Chris that Craig offered to help meet the needs of the emerging programme for project, construction and contract management skills, proudly explaining to the others that MEIL possessed a full range of such expertise. He talked, for example, not only about

the company's project management capacity, but also about its in-house training programmes for production supervisors and its technical outreach programmes for contractors and suppliers. Many of these skills, both technical and training, he argued, might be relevant to a programme of health care clinic construction and could be contributed at relatively low cost to the company.

‘My main point is this:’ Craig surveyed the room. ‘we seem to have been talking about predominantly *in-kind* contributions, not cash. It’s precisely this type of contribution that stands the best chance of gaining the approval of my senior managers. I should add, though, that any such contributions we make will have to be short-lived and drawn from our existing cost-base. We can, for example, second our project management staff and in-house trainers from time to time, since the cost to us of this would be fairly low, but we would need to keep the periods of secondment to no more than, say, a month. Why? Because any longer and our core operations would be compromised. And if that happens everyone stands to lose. Apart from the resources we would normally allocate to provide health care for our own employees, we would find it difficult to contribute

other resources to support the wider health needs in the district in the long term’.

‘Companies like ours do have a degree of flexibility, but any long-term commitment of core business resources, human or otherwise, is a risk to our overall profitability. I wish there were more we could do, but you must all realise that the business of business is business, and not charity.’

Chris was taken by these closing remarks, not least because of the nagging worry that he might have over-exposed ExCo. Arranging for ExCo’s contractors to maintain feeder roads to Ikabo town in the long term was quite possibly a social investment too far. Perhaps there was something in this idea of companies like theirs providing only short-term inputs – inputs based more on business management and human resource development expertise, rather than lumbering the company with indefinite maintenance responsibilities for local infrastructure.

When it was the turn of Andreas, he stressed his confidence that the Governor would grant extensions to existing land leases so that clinics could be constructed.

Chris thought that this further strengthened the emerging partnership, as it secured local political support. Andreas then floated the idea of developing a joint training programme with MEIL and Maria's NGO. Its aim would be to building the capacity of local communities to manage the longer-term physical maintenance of the health care clinics, including non-specialised equipment such as air conditioning, electrics, water supply and sanitation. In his opinion, this would lower the overall costs of maintenance, encourage a sense of local ownership and pride, and fit in well with the vocational training programme the Governor already had in place.

He wasn't sure about the water supply and sanitation component of the overall programme, but would check to see if there were infrastructure plans and related budgets earmarked for this in the District Development Plan. If so, perhaps some re-scheduling could be arranged.

The meeting rolled on, and by lunchtime Andreas had gathered a long list of resources and technical skills, each assigned to different aspects of the design brief outlined by Maria, and traceable back to contributors. After lunch, while Craig, Chris and Helen drank coffee,

Andreas and Maria transferred the information to a giant matrix on flip chart paper and taped this to the wall. There then followed an informal half hour when all five of them stood in front of the matrix discussing resource gaps and design options.

Back round the table, the three main protagonists agreed to set up a small Working Group comprising staff from MEIL, Social Concern International and the Governor's office. The group would have the task of piecing together the resources on offer to generate a number of broad design options, as well as identifying how any critical resource gaps might be filled. Andreas suggested that representatives from the District Health Department should be asked to join the Working Group, and Maria offered to ask her head office in the capital to second a rural health specialist. The meeting closed with the setting of a deadline of three days for the Working Group to submit its recommendations. Everyone agreed to meet the day immediately after this deadline, to try to work towards a formal Partnering Agreement. It seemed to Chris that there was a collective, though unexpressed, fear of losing the momentum. Each, he thought, had much to gain by pushing the programme forward.

Chris lay back in his taxi on the return journey to the hotel. It was early evening and the lights were going on in the shops. He stared blankly at the urban scene around him, his thoughts still on the meeting.

Given the earlier antagonism around the table, he was somewhat amazed that the atmosphere had changed to the extent that they had agreed to meet again in less than a week, and that the objective this time would be to negotiate a formal Partnering Agreement. What had turned the tide, he guessed, was the realisation that each possessed resources and capabilities of genuine value to the others. At last, he thought, the illusive ‘win-win’ outcome, or in this case ‘win-win-win’.

Chris asked the driver if he could turn on the reading light. Looking back through his notes on the morning session, he thought about the two issues that had for a while stirred up controversy. The first was the question of affordability. Here Andreas and Maria seemed poles apart: she preferring free access for all residents in the district; Andreas arguing for costs to be recovered through charges or insurance. After Craig had stepped in, the two had agreed that further study was needed to



reach a sensible compromise. The Working Group would be organised accordingly.

The second controversy centred on the suggestion by Maria that MEIL should re-allocate its entire budget for providing employee health services, to the health care programme under discussion. She had pointed out that if the objective for MEIL was a healthy workforce, then the same outcome, if not better, could be achieved if the company's health services were located outside, rather than inside, the mine fence. She had given the example of HIV/AIDS, arguing that if MEIL were to pool its staff screening service and plans to provide retro-viral drugs with both her NGO's community HIV/AIDS awareness programme and the resources allocated by the World Health Organisation to the Governor's HIV/AIDS prevention task force, there could be a substantially greater impact on the long-term productivity of MEIL workers. Craig had chosen not to respond to any of this, but thanked her for her suggestion.

Thinking about the second of these incidents, Chris recalled the article he had read in the *Wall Street Journal* about GoldStar Inc. I wonder, thought Chris, whether this idea of Maria's might not draw MEIL into the same

dependency trap that seems to be facing both GoldStar and ExCo?

As the taxi pulled up to the portico of the hotel, he closed his notebook and slid the pen down the spine. What was becoming clear was that this visit to MEIL was beginning to bear fruit. It might almost be said to have been worth it, though he would make that final judgement after the meeting on Friday.

That night Chris ordered room service, content simply to watch a film and sketch out a few ideas for his back-to-office report. He called Aida and left a message; then fell asleep.

## **Ethics of a Facilitator**

---

**The** people round the table introduced themselves: Maria, Country Director for Social Concern International, along with her Programme Manager for rural health; Craig of MEIL; Helen of Boston Capital Partners, who had been visiting another local project in the intervening days, and had asked to return for the meeting today before heading back to the United States. Andreas was next, representing both the Governor's office and the Planning Department; followed by two representatives from the provincial Health Department; Chief Larralde, the paramount chief of the district; and

last the chairmen of the village councils for each of the five main settlements in Bella Vista District.

Chris felt a little awkward sitting alone at the back of the room. He had earlier conceded to Maria's point that since his face was unfamiliar to Chief Larralde and the village chairmen, and that he would not be involved in the partnership, his presence at the table proper might be confusing.

The venue was a local hotel. Pablo Ethicos, a lecturer from the School of Management at the National University and an experienced facilitator of multi-stakeholder negotiations, had suggested the venue. He had proposed somewhere that met the dual aims of neutrality and status and the Oasis Plaza seemed to fit the bill.

It was Maria who had suggested they contract a professional facilitator to guide them through the process of agreeing roles and responsibilities within the partnership. Andreas had been reluctant. It worried him that using an outsider would appear to undermine the authority of the Governor's office. To provide some

reassurance Maria had set up an earlier meeting between Andreas and Pablo.

‘A good facilitator follows a clear set of ethics.’ Andreas was squashed into Pablo’s small office where he was handed a sheet of paper entitled ‘Roles and Ethics of a Third-Party Facilitator’. ‘I drew this up a year ago,’ Pablo said, ‘when I was asked to broker a similar partnership in Bolivia. It might help put your mind at rest. Please do take a moment to digest it.’ Andreas read it through.

### *Roles and Ethics of a Third-Party Facilitator*

1. *Maintain impartiality*
2. *Maintain confidentiality*
3. *Stay out of the debate*
  - a. *Keep your ego out of the process so that participants can develop their own dialogue and learn to solve problems themselves*
  - b. *Facilitate, don’t manipulate*
  - c. *Avoid the temptation to become a councillor*
4. *Address power imbalances*
  - a. *Avoid becoming an ally of any individual or group*
  - b. *Avoid becoming an advocate of a particular issue or outcome*

*c. Encourage the quieter voices*

*5. Demystify facilitation techniques*

*a. Explain what you are doing at each stage*

*b. Avoid jargon, technical terms and references which provoke surprise or disagreement*

*Maintain cultural sensitivity among the group*

‘OK, so you don’t tell us what to do?’

‘That’s right. This is not about being a teacher or providing training Mr Gomez. The role of a facilitator is essentially to increase the effectiveness of a group’s *own* problem-solving capabilities. It’s about getting the most out of you all, not the most out of me; about structuring the group’s ideas into a coherent partnership arrangement, one that’s robust and that can deliver results. A good facilitator will stay out of the discussion as far as possible, try to create balance in the room so that the loudest people don’t dominate, and apply methods that are clear and intelligible. With partnerships such as yours, where very different types of organisations and individuals come together, it is also vital to have some cultural sensitivity. What I mean is not just observance of traditional, indigenous cultures, such as the ways of the paramount chiefs, but the culture

of business, the status of government officials, and the enthusiasm of staff working in NGOs.’

They talked for half an hour or so. Pablo had an easy manner and was obviously calm and able to detach himself emotionally from the people with whom he was working. He described his experiences of facilitating other partnerships, and explained why he thought some failed and others succeeded.

‘Before you go, I would like to share a final thought with you. Please don’t fall into the trap of becoming too dependent on a third-party facilitator or broker. What I mean is that there are perfectly good examples of partnerships involving parties just as diverse as yourselves, and where agreement was reached on roles and resource contributions between the parties themselves, without an external facilitator. For example, I know of a recent case of a coal mining project in India where a little prior training in consensus-building techniques for the potential partners enabled a complex arrangement to collaborate on a rural road programme to be negotiated by the parties face-to-face without an independent broker.’

‘Interesting,’ Andreas said. ‘Though given the difficulties in our meeting a few days ago, I do think that on this occasion we perhaps need your services.’

‘That’s kind of you. I would be more than happy to help if I can. Just let me know.’

As the circle of introductions continued, Pablo took stock of the individuals in front of him. It was clearly going to be necessary to redress the balance of power in the room. Chief Larralde would need to be given plenty of opportunities to put forward his views. Maria and Craig might need to be reined in a little, and Andreas would expect a certain deference due to his age and role in the Governor’s administration. The views of the five council chairmen also needed to be heard. The rural health manager from Social Concern International and the two District Health officials were clearly subordinate to Maria and Andreas respectively, but all three would undoubtedly have expertise and knowledge crucial for negotiating a workable partnership. Pablo would have to find a way to bring them in. He introduced himself to the group and explained his role in the proceedings. He was ready to begin.



## Brokering the Agreement

---

**‘First’** said Pablo, ‘I thought it might be an idea to present the objective for this meeting.’ He pointed to a large sheet of flip-chart paper taped to the wall, ‘Andreas came up with these words, based on the conclusions of the meeting last Monday. Is that right Andreas?’ He nodded his agreement.

*Meeting Objective: work towards a partnership agreement to provide health care services in the Bella Vista District.*

A few murmurings could be heard. ‘Remember, this is the objective of the meeting today, and not necessarily the objective of the partnership itself. We will come on to a vision for the partnership and the different expectations and objectives you each have for it a little later. What I would like to do now, if I may, is to invite you all to develop some ground rules for how we manage ourselves today.’

Craig sighed audibly, wondering when the serious work was going to begin. Chris was less cynical. From his own experience he knew the importance of setting down some simple but clear rules for running such multi-party discussions, and how these could help speed up proceedings in the long run. Pablo knew this too, though his main interest lay less in the rules themselves, than in demonstrating to a group as diverse as this, and with animosities close to the surface, that it was entirely possible for all sides to reach consensus if only on a set of ground rules.

After some coaxing by Pablo, six rules emerged. Pablo put these down on flip-chart paper.

1. *Avoid personal criticism*
2. *No interrupting*
3. *Individual comments limited to three minutes (no speeches)*
4. *Clarify words and jargon so that all understand*
5. *No leaving the room during the main sessions*
6. *Facilitator to stay out of the debate*

Pablo then steered the discussion to the *ingredients* that would comprise the formal Partnering Agreement. These he had pre-taped on another wall. Chris smiled to himself as he flicked back through his notes and, just as he had thought, found that the two lists matched, word for word. Pablo had undoubtedly been reading the BPD documents.

Asking if there were any changes to this inventory, Pablo reassured the group that the items were in no way fixed, and that if at any time someone wished to add or delete any of them, the group would discuss the suggestion.

He explained that the approach he would take over the course of the day would not be sequential. ‘This is not a recipe,’ he explained, ‘more a set of products or

outputs.’ He asked the group to be flexible enough to put the ingredients in any order that seemed to work best at any given time.

The confidence of the group was noticeably increased when he circulated an example of a Partnering Agreement, one based on the same list of ingredients and focused on health care services involving a gold-mining project in Venezuela.

Pablo began to wind up the discussion. ‘I’m sure,’ he added, ‘that as more of these new multi-stakeholder partnerships are developed around the world, new ingredients will emerge, and some existing ones will take a back seat. But for now I do believe that the list you see here will help build a productive and durable partnership.’

‘I’d like to move on now and ask you all to begin with a session sometimes called an ‘issue map’.’ He explained how the participants would be asked to think about the key issues each saw, relating to the proposed partnership to provide health care in Bella Vista District. ‘These can be either problems and constraints you foresee, or outcomes you require to meet your own organisation’s

goals and performance targets.’ He explained how he would then work with the group to turn these issues into a first draft of the objectives for the partnership.

Chris watched with interest as the group divided into its constituent organisations, and slowly at first, then with more confidence, a series of ‘issues’ were noted down and posted by Pablo on a central board. As the exercise progressed, Pablo wandered around the room encouraging the participants to walk to the board and pin their ‘issues’ up themselves. He guessed this was to bring about a sense of ownership of the exercise, as well as enabling each group to see what others were coming up with and thus giving inspiration. Within twenty minutes at least fifty issues had been posted. Chris noted down a handful:

- *priority to mine workers*
- *quality of medical staff*
- *no release of funds before financial closure*
- *accessible for all*
- *traditional medicine first*

Quite a mixture, thought Chris to himself, and not easy to reconcile.

‘A wide range of issues. Excellent work,’ began Pablo when all ideas were exhausted. ‘We are now going to see if these can be transformed into the objectives of the partnership. Over on this side of the wall are three blank sheets, with three headings: shared objectives, joint objectives and assumptions. What I would like to do is try to begin to fill these in.’

There were a few things to clear up, and then the fun began.

It took Chris about half an hour to realise what tactics Pablo was deploying. He concentrated first on those issues that clearly lent themselves as common objectives of the partnership. For example, it took Pablo less than five minutes to build on the issue of ‘accessibility’ to foster consensus across the group over the wording of the first of the shared objectives:

- 1. Shared Objective: health care services and related out-reach programmes in health, water supply and sanitation to be accessible to all residents in the Bella Vista District, including temporary and permanent mine workers.*

The last clause, about including mine workers, was asked for by Craig. He was concerned that mine workers employed from outside the district for a temporary period, might be excluded from using the health facilities.

Other issues took longer to develop into objectives. ‘Can anyone explain a little more about this idea of traditional medicine having priority?’ This was a clever way, thought Chris, of Pablo introducing what was quite likely to be a contentious issue without seeming to single out the original author in front of his peers.

Maria spoke up, though it was obvious to everyone that the Chief had written the text. ‘The thing is that many people in the district have seen how government health clinics displace traditional medicine, a lot of which is relatively cheap and which they think is as good as, if not better than expensive modern treatments.’

Craig jumped in at this point. ‘Sorry, but absolutely no way will my company consider investing in health care facilities that don’t provide antibiotic and malaria prevention drugs to our workforce as and when they need it.’ He sat down again, indignant.

‘Can you explain a bit more?’ Pablo asked Craig.

‘To be blunt,’ continued Craig, ‘it’s about productivity. If our workers become sick we need to put them right again as fast as possible. We accept,’ he looked at Chief Larralde and Maria, ‘that traditional medicine can be useful in certain circumstances, but please don’t push us so hard. We have to maintain an efficient business, and well supplied and modern health facilities are an integral part of this.’

Pablo turned and spoke to the group as a whole. ‘Can anyone suggest a form of words that might encapsulate both these ideas, and provide us with another objective for the partnership?’

It was Andreas who eventually spoke up with a suggestion. After two further alterations in the wording suggested by Craig and one of the village chairman, Pablo reached for a pen and wrote:

- 2. Shared Objective: An efficient and cost-effective health care programme, offering a mixture of modern and traditional medical services to the highest achievable standards.*



The exercise went on in this way, and, sometimes by combining them with others, they managed to turn most of the issues into shared objectives for the partnership.

Those issues that remained were then allocated to one or other individual organisation, or sub-grouping of organisations. For example, Craig held out for a particular statement to be included somewhere in the Partnering Agreement which noted that there would be no release of funds from MEIL before the financing agreement for the project had been signed. He did, however, concede a caveat to Andreas and Maria and the overall statement was included under the heading of ‘Assumptions’. It read:

*Assumption: The budget allocated by MEIL to health care provision will be made available upon financial closure. An interim budget not exceeding one-third of all other combined resources contributed to the partnership (up to a limit to be agreed), will be made available before financial closure. Any consideration of longer-term financial contributions to the work of the partnership will only be made on the basis of a secure production-based revenue stream.*

During the mid-morning break Chris took his coffee and walked round the room taking in the list of objectives. Not bad, he thought, given that these are still in draft form. He also realised that through the exercise Pablo had succeeded in demonstrating that on many seemingly diverse issues they were not so far apart, and were perfectly capable of resolving problems and differences of opinion without falling out. This, he guessed, was the art of brokering such partnerships, or for that matter any form of facilitated team-building, namely: develop the capacity of the group to work together to solve problems and exploit opportunities themselves.

After the break Pablo introduced the participants to the results of the Working Group which had now completed its preliminary tasks. The group had been busy identifying broad options for the health care programme, with reference to the agreed design parameters and the matrix of resources and roles brainstormed at the earlier meeting.

The same matrix, now re-written to include the original design parameters suggested by Maria, was posted on the wall. Pablo explained how this new matrix worked. On one axis were the known, common parameters in the

design of any successful and sustainable rural health care programme, and on the other the different organisations that might contribute to its implementation. Filling the matrix was an array of skills, equipment, funding, roles and competencies that each organisation had suggested they might be able to contribute to meet some of the design parameters.

Pablo added to the matrix the names of the five villages represented in the room by the chairmen, as well as a column for the paramount chiefs of the district, represented by Chief Larralde. He then outlined the two main health care options prepared by the Working Group, emphasising to the group that these were about using the *available* resources. Finally he noted the Working Group's recommendation that a programme of improvements in water supply and sanitation should be managed independently of the clinic-based options for health care. This aside, Chris noted down the main options:

*Option 1 – 3 x Permanent Health Clinics. Outpatient diagnosis capacity 100 per day/clinic; specialist services in: gynaecology; X-rays; orthopaedic surgery; dental treatment and surgery; laboratory services;*

*ophthalmology; paediatric services; mental health; family medicine, malaria treatment; and out-reach health education.*

*Option 2 – 1 x Permanent Clinic and 3 x Mobile Clinics. Capacity and specialist services for permanent clinic as above - but including capacity for hospitalisation - 20 beds. Mobile clinics - outpatient diagnosis capacity 70 per day/mobile; specialist services in: gynaecology; dental treatment; ophthalmology; family medicine, malaria treatment; and out-reach health education.*

During the rest of the morning the discussion moved backwards and forwards between the objectives of the partnership, the two main project options and the matrix of contributions and roles. For a while Pablo gave preference in the debate to the five chairmen and Chief Larralde, encouraging them to modify the design parameters and add their own resource contributions and roles. Half an hour later the discussion broke up into a series of small huddled groups of twos and threes, each standing in front of one or other of the charts debating its merits.

Chris wandered about among them listening in on the conversations.

Chief Larralde made an impressive figure with his sharp profile and hooded eyes, but it seemed that the old man was in a difficult position. He explained to Maria that the whole system of paramount chiefs was under threat from the younger, entrepreneurial members of the community, and that he had staked his own reputation on being able to take back to his people something concrete from this meeting. His most urgent need was to prevent a repeat of the thirty deaths caused by malaria last year. The rains were expected in two months, so time was short. Maria encouraged him to add a new item to the list of objectives. Chris wrote this down:

*Paramount Chief – Objective: urgent delivery of malaria prevention awareness programme (by early July) and provision of preventative and treatment drugs.*

Chris went over to another group, and then another. Over the course of the next hour a range of additions and amendments were made to the various charts.

The law of diminishing returns eventually kicked in and soon everyone was sitting down again. An expectant hush settled over the group.

Pablo set to work to broker a consensus on the changes. Most were relatively straightforward. For example, the Chief's addition to the objectives was accepted as written, not least because Craig too wanted to see malaria prevention measures in place before the onset of the rains, since this was likely to coincide with the advanced excavation work for the mine.

By five pm the inventories of objectives and resource contributions were complete.

‘After a break, perhaps we could round off the day by trying to bring all this together.’ Although everyone was tired, there were no objections and the meeting broke up.

‘On the left wall you will now see the emerging objectives of the partnership.’ It was an hour later and the group was feeling marginally refreshed after a light meal. Pablo pointed to a newly prepared list, divided into

‘shared objectives’ and ‘organisation-specific objectives’. ‘And on the right wall, the inventory of resources and roles each of you has indicated you might be contributing to the partnership. Depending on the main option you chose for the health care clinic and the wider programme you may not need to use all these resources. What this list gives you is a starting point for a detailed design, which you know *can* actually be built.’

There was not enough time for Chris to jot down the full inventory, so he tried to select the main items.

*Governor’s Office/Planning Office: construction costs (within agreed limits); medical equipment (equivalent to existing budget for new health services in Bella Vista District); water supply and sanitation costs (as above); earth-moving equipment (from Department of Works); provision of passenger buses for conversion to mobile clinics; auditing of health clinic bank accounts; presumption in favour of long-term land leases for clinic construction; fast-tracking permits for water and sanitation programme; facilitate legal status for clinics to enable access to state-level health care resources.*

Provincial Health Department: *medical staff training; provision of laboratory testing and other equipment and associated technical training; medical supplies distribution; liaison with SCI to arrange medical staff; provision of medical supplies (recurrent); select members to sit on clinic management teams.*

Social Concern International: *capacity-building and organisational development of village councils to assume certain clinic management roles; organisational development for community participation in construction and maintenance work; negotiate with city hospitals for secondment of medical staff; verify annual accounts of partnership programme; and survey of best practices in traditional medicines.*

MEIL: *project management, supervision for construction period (including 6 month [part-time] seconded Clerk-of-Works for clinics and water supply/sanitation programme); cover construction costs of clinics/or provision of mobile units (within agreed limits); conversion of passenger buses to accommodate medical equipment; facilitate licences for importation of high-tech equipment (if needed); provide vehicle maintenance*



*(if adopting mobile clinics) drawn from existing mine vehicle depot resources.*

*Boston Capital Partners: solicit approval for MEIL's involvement in health care programme.*

*Council of Paramount Chiefs: promote voluntary community participation in construction of clinics and water supply/sanitation programme; resolve grievances between community groups; contribute expertise in traditional medicines.*

*Village councils: promote voluntary participation in construction; councils to participate in clinic management and maintenance functions; provide village members to participate in health awareness; outreach programmes; expertise in traditional medicine.*

‘And here,’ Pablo pointed to a large white-board behind him, ‘is a table with the two principal options under consideration, placed against the main participants in the partnership. What I would like to do is try to reach agreement on a preferred option. This may require some adjustment to the design, but to move forward there

needs to be agreement on the principal building blocks of the partnership and its activities.’

He read out the text of the two options again.

‘Could you now discuss in your own groups the extent to which you agree with the two options. Note that this is not about the specifics, but about the broad shape of the health care programme. For example, within the resource constraints, are you inclined towards mobile or permanent clinics, or some combination of the two? Remember, if your preference is for a programme that goes beyond the current availability of resources, be sure to identify who will be resourcing it. Above all, this is a time to be pragmatic.’

He’s very close to the edge here, thought Chris. This is beginning to sound like a lecture. Chris wondered how the group would respond and it surprised him that everyone seemed to be nodding to Pablo’s recent remarks. There were no objections, not even a murmur. Perhaps everyone was simply keen to see this through to the end, and Chris had to admit that Pablo had earned the respect of all the participants.

‘I would like you all to look at the two options and agree, as distinct groups, one of three responses. If you agree with the option in its broad terms write in the relevant part of the table the letter “A”. If you like the option but need a certain amendment to the design for it to receive your approval then write “Ac”, ie Agreed with a Condition. If you don’t agree with the option and can’t see how it could be easily changed to fit in with your concerns, then write “U”, for uncertain.’

After a few points had been cleared up, there was some scraping of chairs and everyone re-grouped into their own organisations.

There then followed a series of intense, concentrated discussions. It was clear to Chris, as one by one the groups entered their preferences on the table, that the overall design of the health care programme divided into two basic camps. Craig, Helen, the Chief and the village

<i>Options</i>	<i>Partners</i>						
	<i>Governor/ Planning</i>	<i>Health Dept</i>	<i>Social Concern</i>	<i>MEIL</i>	<i>Boston Capital</i>	<i>Council of Chiefs</i>	<i>Village Councils</i>
<i><u>Option 1</u> (3 x permanent)</i>	<i>A</i>	<i>A</i>	<i>Ac</i>	<i>U</i>	<i>U</i>	<i>U</i>	<i>A</i>
<i><u>Option 2</u> 1 x permanent + 3 x mobile)</i>	<i>U</i>	<i>U</i>	<i>U</i>	<i>Ac</i>	<i>Ac</i>	<i>A</i>	<i>A</i>

councils all voted for the mobile clinics option: as Helen argued, ‘at least then something will happen quickly’. The others veered towards permanent clinics. For the Governor’s office and the Health Department, Chris guessed this had to do with the political commitments made by the Governor when he took office, and perhaps also the need of the Health Department to be seen to offer a modern, professional service, which they thought would be undermined by the mobile clinics. For Maria, it was probably more about the perception of her organisation by these communities. It appeared that Social Concern International had raised expectations for five permanent clinics, one in each of the main

settlements. This was something Maria had given away when asked by Pablo to explain why she had placed a “c” for conditionality in the table.

Chris sat back amidst the commotion that now pervaded the entire group as they debated the completed table; he was determined not to become involved.



## **The Art of Partnership Brokering**

---

**‘Unbelievable.’** It was Maria who made the remark. She and Chris had fallen behind as the group walked together towards Bar Sol, a celebratory drink in the offing. ‘Quite amazing,’ she continued. ‘Whether it will actually work I have my doubts, but signing that interim Partnering Agreement was a real achievement.’

‘I quite agree. Though I suppose it was obvious really that some combination of permanent and mobile clinics

would be the result in the end, even if it wasn't quite as predicted.'

'Maybe,' continued Maria, 'but what I'm most pleased about is that five permanent clinics are still on the cards. OK, so there will only be two for now, one in the village where Chief Larralde lives, and the other somewhere in the centre of the district. But, assuming the financing agreement for the mine is signed and money starts to come in, we can expect new funds from both MEIL and the Governor for a further three clinics over the next few years.'

'And,' added Chris, 'the two mobile clinics will be able to set up an awareness programme on malaria treatment in time for the rains. But do you think that the idea of putting together a new Working Group to thrash out the other details of the Partnering Agreement, a joint workplan, grievance and monitoring procedures, etc., will slow things down?'

'It depends. Obviously there's more work to do on the things you've talked about, but *my* main worry is what we decide to do about affordability. We've still got some



difficult choices to make about whether or not costs are recovered, and if so which costs and from whom.’

‘I guess everything can’t be solved at once,’ Chris said tentatively, hoping to keep the conversation upbeat, ‘which is why Pablo’s idea is to have an interim agreement.’

The two rejoined the main party and all seven of them settled around a table in the far corner of the now familiar bar.

Craig ordered some jugs of beer, and then turned to Pablo. ‘Done much of this sort of thing before? Bit of an art, isn’t it?’ Some of the others were listening in.

‘A fair amount,’ replied Pablo. ‘As I told you when we began today, before joining the School of Management at the university I was formally trained in something called ‘interest-based negotiation’. Since then it’s simply been a matter of adapting these techniques to different settings. I must say I prefer applying them to broker partnerships such as this one, although most of the time they are used to mediate disputes between communities and companies. Even though it is a challenge, mediating

disputes can be draining. You have to expect to be treated as a punch bag, and there are rarely any thanks at the end. It can take some days to recover when I do one of those.

‘But partnership-brokering, like today, is good fun.’ He looked round the group. ‘Everyone seems to appreciate your efforts and the results can be seen almost immediately. Just look at you all here now, drinking together. A perfect example of social capital in the making.’

Chris wasn’t entirely sure what he meant by *social capital*, and he doubted whether the Chief quite got it either, but he sensed that they’d all got the general drift: that new and potentially lasting relationships had been built over the last day or two, that there was a tangible sense of comradeship in the group, and that these relationships were of value to the partnership over and above what each would contribute in terms of hard resources and skills.

Looking round the bar Chris noticed that Helen was rather quiet. She was clearly still smarting from her rebuff by Maria earlier in the day. It had happened when

Helen refused to agree to either of the two main partnership options. The incident had highlighted for Chris the importance of inviting Pablo to broker the partnership and later Pablo had told Chris what he thought about it.

When Helen refused to give an opinion, Pablo consciously changed roles, from broker to mediator. This involved first expressing, and, to a degree, sympathising with, Helen's point of view in order not to lose her support totally for the wider initiative. He explained to Chris the importance of helping people 'save face', in other words, protecting Helen from the hostility of others in the group, and then as he put it, 'building a bridge for the enemy to retreat over'. He did this by asking the group if anyone had any ideas that would mean that Boston Capital Partners could be encouraged to stay in the partnership. Eventually Andreas came up with the form of words that satisfied Helen sufficiently for her to agree an option.

Chris realised that he was beginning to understand the wider tactics deployed by Pablo. He had steered the discussions all day towards reaching consensus on the main ingredients of the Partnering Agreement, that is,

the objectives, resource contributions and principal design components. He achieved this by first setting some ‘ground rules’ for the conduct of the meeting, then dividing the day into three parts: the identification of issues in the morning, resources and roles in the afternoon, and reaching agreement in the early and late evening.

Immediately after the meeting, Chris questioned Pablo about his tactics. Pablo explained that he usually pictured the building of a partnership not so much as the mixing of a predefined recipe, more as the application of four simple principles. He argued that following the principles was not necessarily a sequential exercise. At any one moment a good partnership broker should be able to switch between them, aware of which principle he or she was pursuing. Chris noted down the principles as he reeled them off:

1. *build trust by developing mutual understanding and good communications (eg ground rules);*
2. *focus the discussion on revealing underlying interests and motivations rather than individuals’ immediate positions and demands;*

3. *widen the options for agreement, and be creative in utilising each other's core competencies; and*
4. *reach agreements that add value for all parties.*

Pablo explained that these basic ideas had been followed throughout the day. In the morning the formulation of ground rules had been about beginning to build trust within the group. The next exercise, to identify partners' issues, which Pablo referred to as 'issue mapping', was designed to reveal the deeper motivations behind people's demands and positions. These were then transformed into the partnership objectives, either those shared by the whole group or those specific to a particular organisation. The brainstorming of resources and roles, begun at the meeting on Monday, and continued today, was both about finding imaginative ways to deliver the design parameters and about building a sense of interdependence between the partners. The ultimate aim, Pablo explained, was for the partnership objectives to begin to fuse together, with everyone recognising that it was in their own interests to help the others to work towards some common vision.

Craig picked up the last jug of beer and refilled people's glasses. Having already sunk a fair few in the last hour, he thought he would stand up and propose the toast.

'Here's to the Bella Vista health care partnership,' he said. 'Thank you all for your efforts, and also thank you Chris and Helen for your contributions.' Turning to Chris, 'I want to say how glad we are that someone from ExCo was here to witness this. Back home in Canada at my corporation's Group headquarters, my colleagues just wouldn't believe it. Negotiating a deal with an NGO and local government planning department', at which point he acknowledged Maria and Andreas, 'and no offence meant, but they would think we're completely nuts.'

'And Helen,' he continued, turning to look at her, 'I know you're a bit disappointed at the moment, but the revised Social Management Plan will be with you very shortly. You can be sure that if the partnership delays its delivery, I'm going to be in deep trouble. So, believe me, we'll do as you ask, but *please*, allow the partnership time to take root, and have confidence that if everybody delivers on their commitments the two mobile clinics will be up and running before the rains set in.'

Speaking to the group as a whole again, he said, ‘I think we’ve made good progress here today. Obviously signing the interim Partnering Agreement was only a first step. We all need to review the other details which will be coming from the new Working Group, then ratify the final Partnering Agreement. Andreas, you and I’ve got more to talk about to sort out the financing for this enterprise, not least the projections for MEIL’s anticipated profit stream and your Governor’s receipt of related tax revenues. Also we need to talk about installing safeguards for MEIL if we shift part of our responsibilities for employee health care into the wider community.’

He reached out a long arm and picked up his beer. ‘But, let’s not end this toast with technical talk.’ He raised his glass. ‘I hope you agree that today we’ve all done something very special. I thank you and wish you all *good health*.’ At which Maria blurted out ‘*care*’, and everyone laughed. Even Helen.

Maria and Andreas were content to let Craig have his moment. Both realised that this was a sign that the partnership was truly a joint initiative, and that what had been initially their idea, was now shared.

‘I would like if I may,’ Craig added, ‘to invite Chief Larralde to say a last few words. Chief.’

They all moved their chairs to allow the Chief a space from which to address the group. He got up slowly and paused. When he spoke his deep voice was quiet.

‘We have been disappointed many times, by each of you and your organisations.’ There was absolute silence now. The Chief looked at Craig, Andreas and Maria each in turn. ‘So I say to you now, do not let us down. We will play our part. We will provide labour and where we can, offer materials. With your help we will learn to manage the health centres and repair and maintain the mobile clinics.’ He placed both hands on the table. ‘But please, do not fail us.’

He stood to his full height and clapped his hands three times, loudly shouting: ‘Bell-a Vis-ta!’ Instinctively everyone did the same. ‘Bell-a Vis-ta!’



## Partnership Maintenance

---

**Chris** and Pablo settled into the taxi they were sharing. They had each paid courtesy calls on their hosts, and left business cards. Pablo was going to Bolivia to sort out hostilities between a group of artisanal miners and a large copper mining project. Chris was heading home.

As the taxi turned off the main highway towards the airport, Chris thought back to the plane journey a week ago. Might it not be possible for GoldStar to review its efforts on HIV/AIDS treatment by working more in partnership? Perhaps the company needs to work more

closely not only with national and provincial government health authorities, but also with NGOs, community leaders and even international development agencies like the United Nations. He had no doubt now that ExCo would also benefit from a similar partnership, not least to contain the spiralling AIDS-related costs of medical expenses, absenteeism, recruitment and training.

What was more immediately interesting was the prospect of Chris applying what he had learned this week to renegotiating the agreement between ExCo and Ikabo town on the feeder road programme. Perhaps if the local government authorities and some good NGOs could be brought into the new arrangement, combined with a more systematic and imaginative look at what ExCo's own short-term competencies were in this scenario, the risk of future liabilities for the company might lessen. He tried out his ideas on Pablo.

‘Why not?’ Pablo responded with enthusiasm. ‘In my experience it’s often a good idea, indeed sometimes a necessity, to review a Partnering Agreement a few months after signing. Multi-sectoral partnerships are, by their very nature, an anomaly in that such organisations have rarely worked together before, especially not in

such complex arrangements. It's not surprising then that things don't always work out as planned. Chris, you mentioned the Business Partners for Development programme. Although some of their case studies describe how partnerships don't always run as smoothly as expected, they also show how many of the problems can be overcome if the partners are willing to review their initial agreements in the first year.

‘As for partnerships built around road construction, I know of an example from the BPD programme where, after just such a re-negotiation, the company not only saved 25 per cent of its capital expenditure costs on a mine link-road, but also transferred the long-term maintenance costs and related risks to the District Government by offering to pay a toll for vehicle use. The arrangement satisfied the district authorities since the road upgrading was already part of their wider District Infrastructure Plan and the vehicle toll represented a new and relatively reliable source of revenue. It also satisfied many of the local community's needs for more rapid access to local schools, markets and health centres, as well as providing maintenance work for local contractors.’

‘All that sounds just great,’ responded Chris, ‘but how do I achieve the same results?’

‘Well’, Pablo continued, ‘you should follow the basic rules of partnership brokering. By this I mean, firstly, the four negotiation principles for reaching consensus; secondly, the ingredients of a Partnership Agreement; and thirdly periodic review of the performance of the partnership, and if necessary, renegotiation. If these rules are followed, there is every chance of the partnership being successful. It’s when people try to cut corners that partnerships fail. For instance: if you walk into negotiations armed only with what *you* want from others, and no knowledge of what *they* want from you; if you leave out critical ingredients from a Partnering Agreement such as a grievance mechanism or performance indicators; or if you give up on the partnership when the first problem arises. I know that partnerships can be hard work, but as we’ve seen today, there are real and tangible benefits for those willing to stay the distance.’

‘Is that what happened between Maria and Helen?’, Chris asked, picking up on one of Pablo’s comments,

‘that Helen pushed her *own agenda* without considering the interests of others, in this case, Maria?’

Pablo paused, not entirely sure how he should answer. Then he replied cautiously.

‘Partly. I realise from talking to her over lunch that she is under immense pressure. The investment officers in her organisation expect her to go back to Boston with news of an immediate delivery of community benefits in order to satisfy the need to reduce investment risk. She is worried that the partnership negotiations and, more importantly, the dependence that MEIL will now have on Maria’s outfit to supply doctors and nurses for the clinics, will create delays. This is why she was so prickly with Maria and why she almost refused to sign the interim agreement.’

‘But can’t she see that the community benefits will be far greater and more widespread by going along this partnership route?’ asked Chris.

‘My guess is that she *can* see this, but doesn’t think her investment officers will accept the explanation. What she said to me was: ‘if MEIL don’t deliver and start to

implement a Social Management Plan within a month, I'll have to take the matter to the Board.'

'It's a shame really,' said Chris. 'If she ends up by refusing to sign the final Partnering Agreement there is a danger that her organisation will become a thorn in the side of the health programme, influencing its timing and the way it's implemented, but adding no real value'.

'Don't you think,' he continued, 'that with a little more discussion it might be possible to draw up the MEIL Social Management Plan in a way that satisfied Boston Capital, for example by laying down the *principles* of the health care partnership but not the *detail*, and implementing a rapid malaria prevention programme based on the mobile clinics? This would give Craig and Andreas time to complete their detailed financial planning and let Maria and Chief Larralde get the necessary commitments from their constituents. Surely this type of pragmatic approach would be in the financial interests of the company and also reduce its risks?'

Again Pablo paused before answering. 'My advice to them and to you would be to follow the rules I just mentioned. Just follow the rules.' Chris realised then

that that was all that Pablo was prepared to say for now. Quite likely he was tired. He decided to give the man some space.

The taxi reached the airport. Chris was peaceful now, as he always was at the end of a good trip. What had crystallised for him from this last week was the need for ExCo to rethink not only its road construction arrangement with Ikabo town, but perhaps also a large portion of its employee health programme. He jotted down a final note:

*Potential for ExCo health partnership – business case: capital cost savings, social licence to operate, improved productivity. Not without risks – get a good broker and follow the rules!*





## Flight PA288

---

He flicked on the overhead light, delved into his suitcase and retrieved what was now a tired looking *Wall Street Journal*. Changing his mind, he folded it as neatly as he could and swapped it for the in-flight entertainment magazine in the seat in front. Nine films and 10,000 miles. He felt sure he would cope with the journey home.

Darn it. With all the excitement of the day before he had forgotten to call Aida to say when his flight arrived. He'd have to make the long taxi ride to his home from the airport, something that always left him deflated.

There really was nothing like being met at the airport. It gave him a certain feeling of warmth, a throw-back, he was sure, to their courting days. At that time the airport was one of the few places he and Aida could meet without their respective families finding out. Still, if he was lucky she would have done her homework and calculated when he would arrive. He just knew she would be there.

The similarities between his marriage and the experiences of the last few days had not passed him by. Aida and he clearly enjoyed significant *added value* from being together. The children, for a start. The two families and their many friends were another benefit, as was their companionship and dry humour.

He tried to carry the analogy through to the idea of pooling core competencies. Sure, he brought money into the house, but then so did she, if slightly less. Aida, however, also cooked, cared for the children, managed the house and family finances, and even took his work messages for him when he was away. If he would only let her, she would pack his bags as well!

But he was the crisis manager, and his string of friends and contacts built up over the years had helped them out of many a difficulty. On balance, though, he decided that it might be best to prevent Aida from coming across his notes from the trip. She might be tempted to quiz him about his contributions to their marriage, and he was not at all sure he wanted to go down that path.

Pulling the *Wall Street Journal* back out from behind the seat in front, he wrapped it round his note book and slide the package under his other documents at the bottom of the briefcase.

He switched off the overhead light, positioned a set of uncomfortable headphones as best he could, and peered at the miniature screen in front of him. Five minutes later he was in a deep sleep.

Aida set her alarm clock for five am. His plane would be landing around seven, so two hours travel time should be enough. It had been a long, and slightly lonely, week. She was looking forward to seeing him.

---end---

## The New Broker Brokering Partnerships for Development

"I read Michael Warner's 'novella' from cover to cover and learnt far more about the trials and tribulations of designing partnerships, the art of consensual negotiation, and the skills of facilitation, than I would ever have done from reading a dry text book...It was so expertly scribed that one almost felt like joining them at Bar Sol!" - Professor Alyson Warhurst, Director, Corporate Citizenship Unit, Warwick Business School

"I read this book on my way to Colombia to discuss just the sort of mutual interest partnerships that Michael describes. What the fiction does, unexpectedly for me, is remind those of us engaged in the theories of development partnerships and capacity building that these things have a human reality. The story is engaging and the lessons real." - David Rice, Group Policy Adviser, BP plc

"Spend a couple of airplane hours exploring the techniques, pitfalls and challenges of partnership, provided in a unique story line and in an entirely readable style." - Murray Jones, Manager, Social Performance Unit, Shell International

"Michael Warner brings a wealth of experience to this approachable introduction to the complexities and subtleties of partnership broking." - Alison Maitland, Financial Times

"The benefits of engaging and committing all parties in tri-sector partnerships promises an important shift away from the often paternalistic and unsustainable styles of past extractive industry development efforts." - Ian Emsley, Manager, Safety, Health and Environment Policy Unit, Anglo American plc

"This will be an interesting, useful and rewarding reading for corporates, civil society, NGOs and Administrators." - Manoj Pant, District Collector, Government of Murshidabad, India

"The story illustrates successful implementation of this set of robust tools, derived from business practice but now re-applied to maximize innovation in favor of shared development outcomes. I anticipate many readers in the World Bank." - Nigel Twose, Manager, Corporate Social Responsibility Practice, The World Bank

